



2020 ANNUAL REPORT

ALERIONCLEANPOWER
THE WIND ENERGY COMPANY

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CORPORATE BODIES

Board of directors*

Josef Gostner	Chairman and chief executive officer ¹
Georg Vaja	Deputy chairman and chief executive officer ¹
Patrick Pircher	Director ¹
Elmar Zwick	Director ⁴
Nadia Dapoz	Director ^{2 32}
Giorgia Daprà	Director ^{2 4}
Elisabetta Salvani	Director ²
Germana Cassar	Director ^{3 4}
Flavia Mazzarella	Director ³
Stefano D'Apolito	Director

¹ Directors with operating powers

² Members of the control, risks and sustainability committee

³ Members of the remuneration and appointments committee

⁴ Members of the committee for related party transactions

Board of statutory auditors

Francesco Schiavone Panni	Chairman
Loredana Conidi	Standing statutory auditor
Michele Aprile	Standing statutory auditor
Stefano Tellarini	Alternate statutory auditor
Mariassunta Pica	Alternate statutory auditor

Manager in charge of financial reporting (Law no. 262/05)

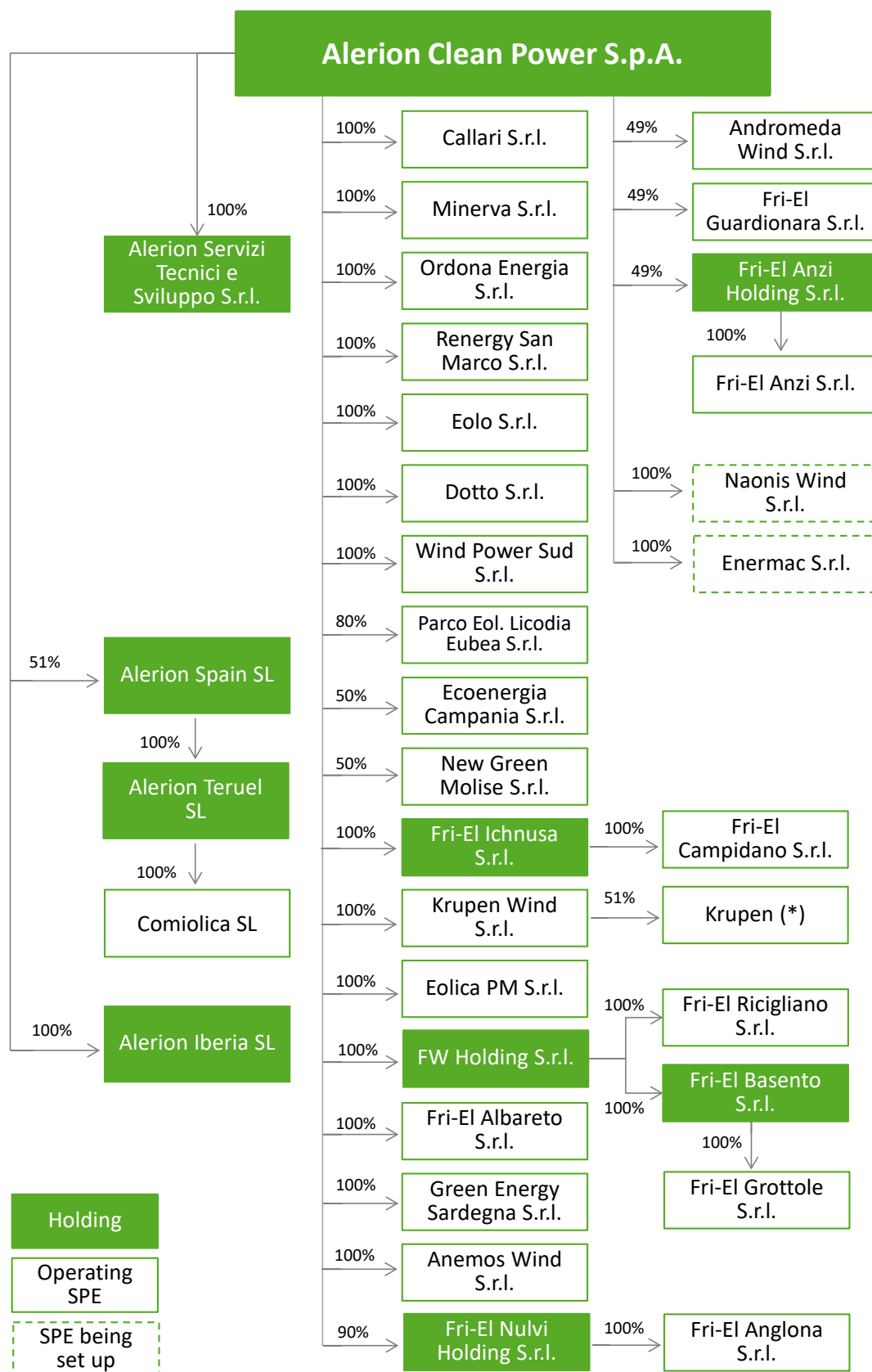
Stefano Francavilla

Independent auditors

KPMG S.p.A.
Via Vittor Pisani 25
20124 Milano

* in office since 30 January 2020

GROUP STRUCTURE



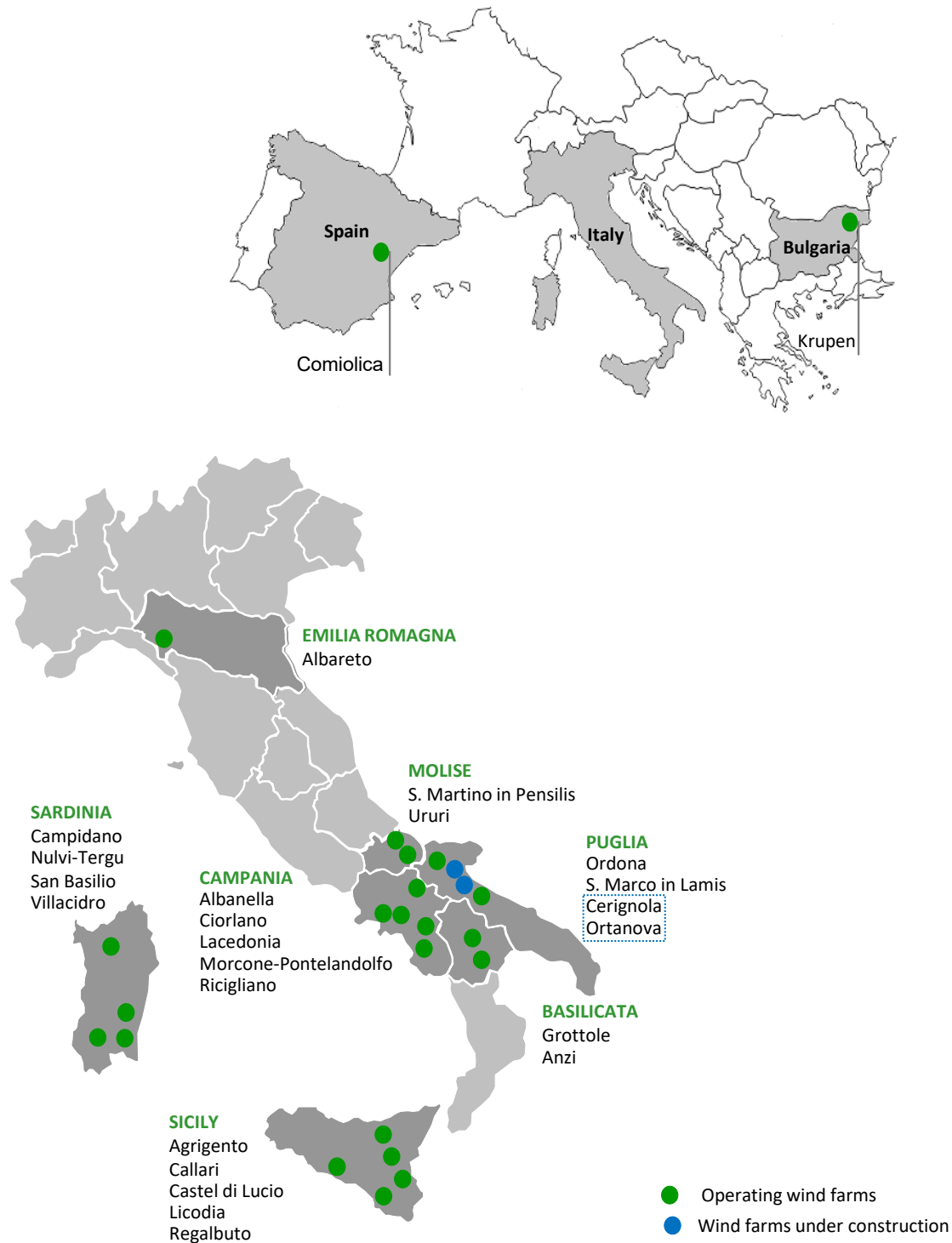
(*) The Krupen wind farm comprises four companies: Wind Energy EOOD, Wind Stream EOOD, Wind System EOOD and Wind Power 2 EOOD

DIRECTORS' REPORT

PLANT LOCATION

ALERION **CLEAN** POWER

THE WIND ENERGY COMPANY



INTRODUCTION

The parent, Alerion Clean Power S.p.A. (the "parent" or "Alerion") is a legal entity subject to Italian law. Its ordinary shares are listed on the MTA segment of the Italian stock exchange. The Alerion Group's (the "group") headquarters are at Viale Luigi Majno 17 in Milan. This 2020 Annual Report has been prepared in accordance with the International Financial Reporting Standards (the "IFRS") endorsed by the European Commission and effective at 31 December 2020.

The parent's board of directors approved this report on 11 March 2021.

KEY EVENTS OF THE YEAR

The main events that took place during the year are described below.

ACQUISITIONS OF FW AND NULVI

On 27 February 2020, the parent approved and completed its acquisitions of:

- (i) 100% of FW Holding S.r.l. ("FW"), which owns two operating wind farms with total installed capacity of 90 MW in the municipalities of Ricigliano (SA) and Grottole (MT) (the "FW acquisition"). The transaction involved Alerion's acquisition of the 50% investments held by both Winco Energreen S.p.A. ("Winco") and Fri-El Green Power S.p.A. in FW;
- (ii) 90% of Fri-El Nulvi Holding S.r.l. ("Nulvi"), which owns an operating wind farm with total installed capacity of 29.75 MW located in the municipalities of Nulvi and Tergu (SS). Specifically, Alerion acquired 60% from Fri-El Green Power S.p.A. and 30% from BBL S.r.l..

The acquirees' enterprise value is €85 million for FW and around €19.1 million for the 90% investment of Nulvi and reflects their net financial positions shown in their financial statements at 31 December 2019. The consideration transferred was €70 million for FW and €19.8 million for Nulvi.

AWARD OF 51 MW IN THE GSE AUCTION

On 29 May 2020, through its subsidiary Enermac S.r.l., the parent was awarded new renewable capacity of 51 MW for two wind projects of 27.2 MW and 23.8 MW, respectively, for total forecast production of approximately 130 GWh/year by the Italian energy services operator (GSE) in the FER (renewable energy sources) auction.

Specifically, Enermac S.r.l. will benefit from a feed-in tariff of €68.25/MWh for Alerion's plants for 20 years.

The two new wind farms will be located in Orta Nova, Puglia (Località La Ficora and Località Tre Confini) and should be operational by the end of 2021.

ALERION CLEAN POWER ACQUIRES 100% OF NAONIS WIND S.r.l., HOLDER OF THE PERMIT TO BUILD A WIND FARM WITH TOTAL CAPACITY OF 12.6 MW IN PUGLIA

On 22 October 2020, the parent acquired 100% of Naonis Wind S.r.l., which has a permit to build a wind farm in the municipality of Cerignola (Puglia), construction of which is scheduled to start in the first half of 2021. It will have total capacity of 12.6 MW and an expected annual output of approximately 26 GWh. The consideration transferred for the acquisition is approximately €1 million.

ACQUISITION OF 49% OF THREE COMPANIES THAT OWN OPERATING WIND FARMS WITH TOTAL INSTALLED CAPACITY OF 66.65 MW AND CAPITAL INCREASE RESERVED FOR FRIEL GREEN POWER S.p.A. AS PART OF THIS ACQUISITION

On 15 December 2020, the parent completed the acquisition of Fri-El Green Power S.p.A.'s ("FGP") 49% interest in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which own three wind farms with total installed capacity of 66.65 MW.

The acquisition involved:

(i) signing the transfer agreement with FGP for 35.7% of the three targets against receipt of 3,019,630 new ordinary shares, and (ii) acquiring another 13.3% of the targets' quota capital by exchanging 1,123,277 treasury shares held in portfolio.

On 15 December 2020, the parent's shareholders approved the capital increase in kind of €21,137,410, including the premium, excluding rights of first refusal in accordance with article 2441.4.1 of the Italian Civil Code (the "capital increase") to be paid for by FGP through the contribution of 35.7% of the targets' quota capital.

ALTERNATIVE PERFORMANCE INDICATORS

The group uses certain alternative performance indicators to (i) monitor its financial performance, (ii) anticipate any business trends in order to take prompt corrective action and (iii) define investment and management strategies and the most effective allocation of resources. Alternative performance indicators are considered an important additional parameter for assessing the group's performance, as they enable more analytical monitoring of its financial performance.

- for a correct reading of the alternative performance indicators presented in this Annual Report, it should be noted that determination of the alternative performance indicators used by the parent is not governed by the IFRS. They must not be regarded as alternative measures to those provided in the group's consolidated financial statements to evaluate its financial performance and position;
- the alternative performance indicators must be read in conjunction with the group's consolidated financial statements;
- the alternative performance indicators are determined on the basis of (or derived from) the group's historical data, as indicated in the consolidated financial statements, the general ledger and management accounts, and on the basis of actual calculations by management, in accordance with the recommendations contained in ESMA's guidelines no. 1415 of 2015, as implemented by Consob (the Italian Commission for listed companies and the stock exchange) communication no. 0092543 of 3 December 2015;
- the alternative performance indicators have not been audited and must not be construed as indicators of the group's future performance;
- the method of determining the alternative performance indicators, as indicated above, is not governed by the IFRS referred to in the preparation of the consolidated financial statements. Therefore, the determination criterion applied by the group may not be the same as that used by other groups, and the alternative performance indicators presented by the parent may not be comparable to those presented by other groups.

EBITDA is the operating income before depreciation and amortisation. EBITDA thus defined is a measure used by management to monitor and assess the group's operating performance.

Net financial debt is calculated as the sum of cash and cash equivalents, current financial assets, current and non-current financial liabilities, the fair value of hedging financial instruments and other non-current financial assets, net of the financial debt resulting from

assets held for sale. Net financial debt is not identified as an accounting measure under the IFRS. The calculation criterion applied by Alerion may not be the same as that used by other groups and, therefore, the balance obtained by Alerion may not be comparable to that calculated by them.

Net financial debt (net of derivatives) is calculated as net financial debt net of the fair value of current and non-current hedging financial instruments.

Financial debt for reporting purposes is calculated as the sum of cash and cash equivalents, current and non-current financial assets, loan assets and other non-current financial assets, current and non-current financial liabilities, the fair value of hedging financial instruments and other non-current financial assets, net of the financial debt resulting from assets held for sale. Financial debt for reporting purposes is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Financial debt for reporting purposes (net of derivatives) is calculated as financial debt for reporting purposes net of the fair value of current and non-current hedging financial instruments. It should also be noted that net financial debt (net of derivatives) is also reported as it is relevant for determining the financial covenants required for the 2019-2025 green bonds.

Financial debt for reporting purposes (net of derivatives and operating lease liabilities) is calculated as financial debt for reporting purposes net of the fair value of current and non-current hedging financial instruments and operating lease liabilities recognised after adoption of IFRS 16. It should also be noted that financial debt (net of derivatives and lease liabilities) is also reported as it is relevant for determining the financial covenants required for the 2018-2024 green bonds.

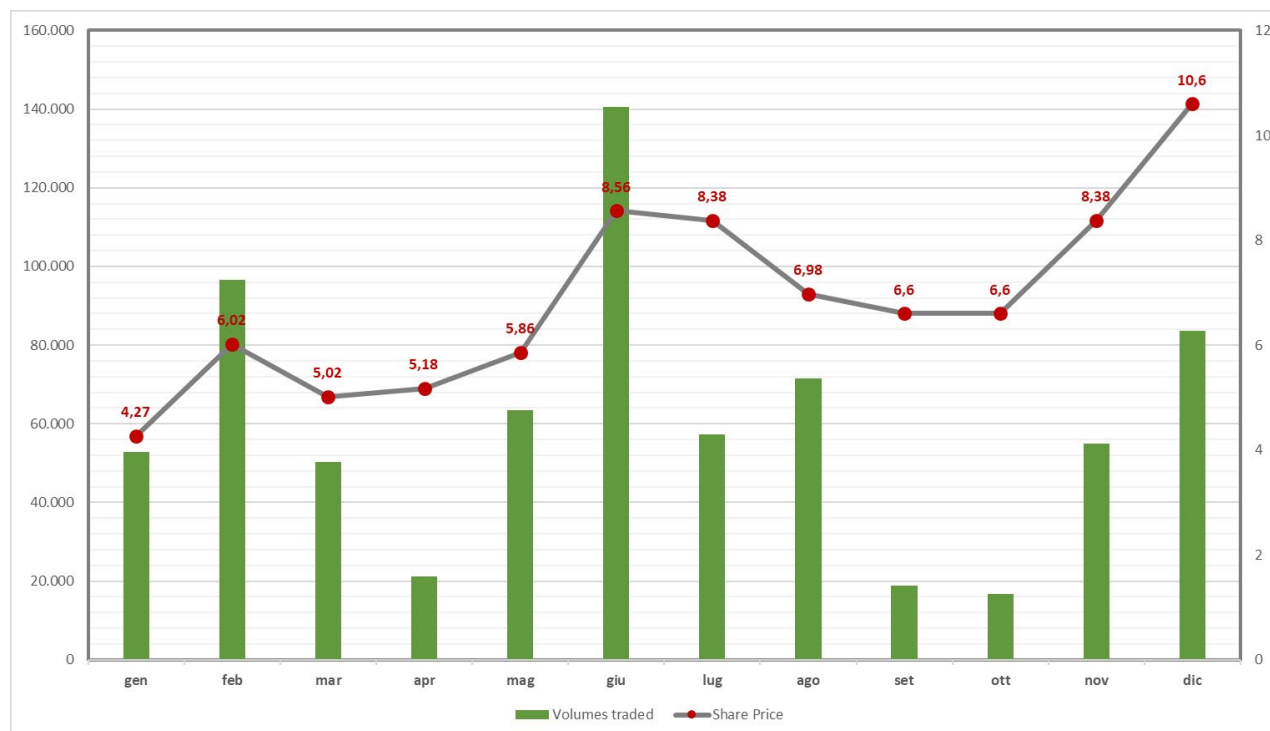
Gross financial debt is calculated as the sum of current and non-current financial liabilities and the fair value of financial instruments. Financial debt for reporting purposes is not identified as an accounting measure under IFRS. The calculation criteria applied by Alerion may not be the same as that used by other groups, and therefore the balance obtained by Alerion may not be comparable to that calculated by them.

Net invested capital is calculated as the algebraic sum of non-current assets and non-financial assets and liabilities.

SHARE PERFORMANCE

At 31 December 2020, the parent's share price was €10.60, after distributing a dividend of €0.2 to each share on 15 May 2020. This performance represented a 237.6% increase on 31 December 2019) compared to the generalised slump in the stock market indexes during the year: FTSE All Share (-17.5%), FTSE Mid Cap (-18.5%) and Euro Stoxx Utilities Index (-1.3%).

In 2020, the share price ranged from a minimum of €3.14 when the stock market opened on 31 December 2019 to a maximum of €10.6 at the close of the year (31 December 2020) as shown in the following graph:



The following tables show variations in the share price and volumes traded during the year.

Share price		€
Price at 31 December 2020		10.60
Maximum price (at end of year)		10.60
Minimum price (at start of year)		3.14
Average price		6.09

Volumes traded		Shares (no.)
Maximum volume (04/08/2020)		558,383
Minimum volume (10/01/2020)		358
Average volume		60,451

At 31 December 2020, the parent's stock market capitalisation is approximately €575 million compared to €161 million at the end of 2019.

The average number of shares traded during the year was 51,335,403.

KEY RESULTS

Statement of profit or loss (€m)	2020	2019
Revenue	109.3	71.8
Gross operating profit	81.1	53.9
Profit for the year	31.6	21.4
Profit attributable to the owners of the parent	31.0	21.1
Statement of financial position (€m)	31.12.2020	31.12.2019
Equity attributable to the owners of the parent	202.5	158.1
Net financial debt*	491.0	407.2
Net financial debt (excluding derivatives)	475.9	395.8
Operating figures	2020	2019
Gross capacity (MW)	750.8	564.3
Electricity production (GWh) ⁽¹⁾	1,051	695
Electricity production (GWh) - Consolidated plants	990	627

⁽¹⁾ Consolidated plants and plants owned by equity-accounted investees

(*) Consob communication no. DEM/6064293/2006

CHANGE IN THE CONSOLIDATION SCOPE DURING THE YEAR

The changes in the income statement and statement of financial position figures shown in the above table are mostly due to the different consolidation scope following the transactions described below:

- (i) the acquisition of FW Holding S.r.l. ("FW"), which owns two wind farms with total installed capacity of 90 MW located in the municipalities of Ricigliano (SA) and Grottole (MT), and Fri-El Nulvi Holding S.r.l. ("Nulvi"), owner of an operating wind farm with total installed capacity of 29.75 MW located in the municipalities of Nulvi e Tergu (SS);
- (ii) the acquisition of Fri-El Green Power S.p.A.'s ("FGP") 49% interest in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which own three wind farms with total installed capacity of 66.65 MW.

THE GROUP'S PERFORMANCE

The group's operating performance in 2020 included the consolidated plants which produced 990 GWh of electricity, up by 57.9% compared to 627 GWh in the previous year. This increase was achieved despite the fact that 2020, and especially the first half of the year, was significantly less windy than the seasonal averages.

The group's total installed capacity increased from 564.3 MW to 750.8 MW at year end, due to the above-mentioned change in the consolidation scope. The upturn in production is due to

acquisitions made during the year and the contribution for the entire year of the wind farms acquired in the second half of the previous year.

The greater total installed capacity of 2020 more than offset the smaller production output of the other operating wind farms, mainly those in Sicily (Italy), compared to the previous year, which was particularly windy.

ALERION GROUP - Reclassified income statement

(€'m)	2020	2019
Revenue	100.6	70.0
Other revenue and income	8.7	1.8
Total revenue and income	109.3	71.8
Personnel expenses	(2.5)	(2.2)
Other operating costs	(29.9)	(18.1)
Accruals to provisions for risks	(0.4)	0.0
Operating costs	(32.8)	(20.3)
Share of profit of equity-accounted investees	4.6	2.4
Gross operating profit	81.1	53.9
Amortisation, depreciation and impairment losses	(40.6)	(26.2)
Operating profit	40.5	27.7
Net financial expense	(28.2)	(2.2)
Profit before tax	12.3	25.5
Income taxes	19.3	(4.1)
Profit for the year	31.6	21.4
Profit attributable to non-controlling interests	0.6	0.3
Profit attributable to the owners of the parent	31.0	21.1

Total revenue and income amount to €109.3 million (€71.8 million in 2019). Specifically, **revenue** increased by €30.6 million or 43.7% to €100.6 million from €70 million in 2019. This increase was mainly driven by the upturn in electricity production described earlier even though 2020 was a considerably less windy year compared to the seasonal average and the electricity selling price dropped, mostly due to the public health crisis triggered by the Covid-19 pandemic.

Average selling price

The 2020 average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €135.8/MWh, compared to €140.6/MWh in 2019. Specifically:

- the average selling price of electricity from wind plants that still benefit from the feed-in tariff scheme is €36.7/MWh compared to €48.5/MWh in 2019;
- the average 2020 feed-in tariff is €99.1/MWh (€92.1/MWh in 2019);
- the Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

Starting from 2016, the feed-in tariff (former green certificates) is calculated using the previous year electricity prices. Therefore, unlike in the past, changes in the energy prices are no longer

immediately covered (for 78%) by the feed-in tariff received in the same year but affect the subsequent year's feed-in tariff.

Other revenue and income of €8.7 million (€1.8 million in 2019) mostly relates to administrative and technical consultancy services provided to third party companies and equity-accounted investees. The caption also includes government grants received to build the wind farms and released to profit or loss over their estimated useful lives as well as insurance compensation of €1.8 million (€0.1 million in 2019).

The following table shows the electricity production figures of the group's operating wind farms:

Site	Total capacity (MW)	Investment (%)	Consolidated capacity (MW)	Year of entry into production	Last year of incentives	Consolidated production (MWh)	
Subsidiaries' wind farms (consolidated)						31.12.2019	31.12.2020
Operating wind farms - Italy							
Albanella (SA)	8.5	100%	8.5	2004	2016	9,876	9,074
Albareto (PR)	19.8	100%	19.8	2019	2039	18,395	35,938
Agrigento (AG)	33.2	100%	33.2	2007	2019	50,806	47,003
Callari (CT)	36.0	100%	36.0	2009	2023	56,953	45,306
Castel di Lucio (ME)	23.0	100%	23.0	2010	2025	39,378	29,758
Ciorlano (CE)	20.0	100%	20.0	2008	2023	18,816	14,980
Fri-El Campidano (SU)	70.0	100%	70.0	2008	2023	62,553	102,709
Grottole (MT)	54.0	100%	54.0	2009	2024	-	99,889
Licodia (CT)	22.1	80%	22.1	2010	2025	34,617	27,808
Morcone-Pontelandolfo (BN)	51.8	100%	51.8	2019	2039	44,925	128,250
Nulvi-Tergu (SS)	29.8	90%	29.8	2008	2023	-	48,090
Ortona (FG)	34.0	100%	34.0	2009	2024	63,780	57,706
San Marco in Lamis (FG)	44.2	100%	44.2	2011	2026	66,004	61,969
Regalbuto (EN)	50.0	100%	50.0	2010	2024	14,379	50,299
Ricigliano (SA)	36.0	100%	36.0	2007	2019	-	54,093
Villacidro (SU)	30.8	100%	30.8	2019	2039	75,856	65,552
Total	563.1		563.1			556,338	878,424
Operating wind farms - abroad							
Comolca (Spain)	36.0	100%	36.0	2012	2032	47,152	85,658
Krupen (1,2,3,4) (Bulgaria)	12.0	51%	12.0	2010	2025	23,427	26,102
Total	48.0		48.0			70,578	111,760
Total subsidiaries' wind farms	611.1		611.1			626,916	990,184
Equity-accounted investees' wind farms ⁽¹⁾							
Operating wind farms - Italy							
Lacedonia (AV)	15.0	50%	7.5	2008	2023	12,343	10,393
San Martino in Pensilis (CB)	58.0	50%	29.0	2010	2025	55,977	50,298
Anzi (PZ)	16.0	49%	7.8	2011	2026	-	-
San Basilio (CA)	24.7	49%	12.1	2010	2025	-	-
Ururi (CB)	26.0	49%	12.7	2010	2026	-	-
Total	139.7		69.2			68,320	60,691
Total	750.8		680.2			695,236	1,050,875

(1) Wind farms owned by investees consolidated using the equity method as a result of the application of IFRS 11.

The **gross operating profit** amounts to €81.1 million, up 50.5% on 2019 (€53.9 million), reflecting the increase in revenue in 2020 due to the contribution of the newly operating wind farms and the higher unit value of the feed-in tariff in Italy (up from €92.1 to €99.1/MWh), which partly offset the less windiness of 2020 and the reduction in electricity selling prices.

The gross operating profit/revenue ratio is 74% for 2020, which is quite high but slightly lower than the previous year when it was 75%, mainly due to the unfavourable weather conditions (less wind) and price trends.

Operating costs increased by €12.5 million from €20.3 million in 2019 to €32.8 million due to the above-mentioned change in the consolidation scope. In addition, the gross operating profit includes transaction costs of around €0.4 million related to the non-recurring transactions

performed during the year and the group's share of the profit of the equity-accounted investees (€4.6 million compared to €2.2 million in 2019), partly due to the tax measures of article 110 of the "Agosto" decree about company asset revaluations. The effects of this decree's application are described in more detail in the "Profit for the year" section.

The gross operating profit/net financial debt ratio decreased despite the large investments made at the start of the year, thanks in part to the new wind farms' contribution to the group's profits for the entire year.

The **operating profit** amounts to €40.5 million (€27.7 million in 2019) after amortisation, depreciation and impairment losses of €40.6 million (€26.2 million in 2019). This 46.2% improvement is mostly due to the newly-acquired wind farms, which also led to an increase in amortisation and depreciation. The latter were also affected by the 12-month contribution of the wind farms which entered production in the second half of the previous year. In addition, the operating profit includes the reversal of part of the impairment loss (approximately €1 million) recognised on the concessions for the wind farms in Ciorlano and Albanella following the impairment test performed at 31 December 2020.

The **profit before tax** of €12.3 million shows a decrease on the previous year figure of €25.5 million. It includes financial expense and net gains on equity investments and other financial assets of around €28.2 million (€2.2 million in 2019). Specifically:

- net financial expense increased from €15.8 million in 2019 to €28.3 million, mostly due to the higher interest expense accrued on the 2019-2025 green bonds, the release of the hedging reserve of approximately €4.4 million for the project financing taken out by Ordoni and Callari to profit or loss which the two group companies prepaid and higher interest expense on the loans agreed to acquire new wind farms in 2020 and at the end of 2019;
- net gains on equity investments decreased to €0.1 million from €13.6 million in 2019, when the caption included the gain of €13.5 million from the bargain purchase of Anemos Wind S.r.l. recognised in accordance with IFRS 3 "Business combinations".

The **profit for the year** amounts to €31.6 million (€21.4 million in 2019) and includes an income tax benefit of approximately €19.3 million (expense of €4.1 million in 2019). Specifically, it comprises the positive effect of deferred taxes of €29.1 million (€1.5 million in 2019), of which €24.1 million relates to the revaluation of company assets pursuant to article 110 of the "August" decree.

As allowed by Decree law no. 104 of 14 August 2020 and as a departure from article 2426 of the Italian Civil Code, the group exercised the option to revalue its assets and, specifically, some wind farms. The Decree law allows the revaluation and/or realignment of property, plant and equipment and intangible assets in line with specific criteria as well as the payment of a 3% substitute tax on the higher values recognised in the 2020 financial statements in order for the revaluation to be effective for tax purposes.

In accordance with the IFRS, the consolidated financial statements do not reflect the effects of the revaluation. However, in order to align the income taxes recognised in the consolidated financial statements with those recognised in the subsidiaries' financial statements, due to the payment of the 3% substitute tax on the higher amounts recognised, the group recognised a deferred tax asset equal to the tax benefit of the future deductible higher amortisation and depreciation. Therefore, it recognised an increase of approximately €26.2 million in deferred tax

assets in profit or loss, net of the substitute tax, including €2.1 million recognised in the share of the profits of equity-accounted investees.

The **profit attributable to the owners of the parent** amounts to €31 million compared to €21.1 million in 2019, while that **attributable to non-controlling interests** comes to €0.6 million (€0.3 million in 2019).

Financial position and cash flows

ALERION GROUP - Reclassified statement of financial position (€m)

	31.12.2020	31.12.2019
<i>Intangible assets</i>	198.1	148.5
<i>Property, plant and equipment</i>	455.6	415.3
<i>Financial assets</i>	50.0	18.5
<i>Non-current loans</i>	4.4	4.1
Non-current assets	708.1	586.4
<i>Other non-financial liabilities, net</i>	(10.1)	(18.4)
NET INVESTED CAPITAL	698.0	568.0
Equity attributable to the owners of the parent	202.5	158.1
Equity attributable to non-controlling interests	4.5	2.7
Equity	207.0	160.8
Cash and cash equivalents	147.7	238.4
Other financial liabilities, net	(638.7)	(645.5)
Net financial debt	(491.0)	(407.2)
EQUITY + NET FINANCIAL DEBT	698.0	568.0

At 31 December 2020, **property, plant and equipment** and **intangible assets** amount to €653.7 million (€563.8 million at 31 December 2019). The €89.9 million increase, net of amortisation and depreciation of €41.6 million and reversals of impairment losses of around €1 million, is mainly due to the change in the consolidation scope described earlier.

“**Other non-financial liabilities, net**” include trade receivables on the sale of electricity and amounts due under feed-in tariff schemes totally €17 million compared to €17.3 million at 31 December 2019. Specifically, amounts due under feed-in tariff schemes from GSE total €10 million (€13.2 million at 31 December 2019).

Equity attributable to the owners of the parent increased by €44.4 million to €202.5 million at 31 December 2020. This upturn is mostly a result of: i) the already-described capital increase of €21 million and the exchange of treasury shares for €7.9 million; ii) the profit for the year attributable to the owners of the parent of €31 million; iii) the fair value gains on derivatives of €1 million net of the related tax; iv) the distribution of dividends of €10.1 million as per the shareholders’ resolution of 27 April 2020, v) the repurchase of treasury shares for €1.8 million during the year; and vi) the consolidation of the investment in Fri-El Nulvi Holding S.r.l. for €4.5 million.

Net financial debt amounts to €491 million at year end, up €83.8 million on 31 December 2019.

This worsening is principally due to: i) cash flows of approximately €66.2 million generated by operating activities; ii) cash flows of approximately €77.8 million used in investing activities, mostly for the recent Nulvi and FW acquisitions, net of cash acquired; iii) the effects of the change in the consolidation scope for €27.7 million; iv) net financial expense and the fair value losses on derivatives of €31.9 million; and v) dividends distributed of €10.1 million.

The following table shows the group’s cash inflows and outflows and their effect on net financial debt:

(€m)

	2020	2019	Change
Cash flows generated by operating activities	66.2	64.8	1.4
Cash flows used in investing activities	(3.7)	(58.5)	54.8
Cash flows used in acquisitions	(90.7)	(108.7)	18.0
Cash held by the acquirees at the acquisition date	16.6	23.7	(7.1)
Effects of the change in the consolidation scope	(27.7)	(33.8)	6.1
Net financial expense and net fair value losses on derivatives	(31.9)	(16.1)	(15.8)
Effect of IFRS 16	(5.3)	(51.8)	46.5
Dividends received from equity-accounted investees	2.8	1.8	1.0
Dividends distributed	(10.1)	(1.7)	(8.4)
Increase in net financial debt	(83.8)	(180.3)	96.5
Opening net financial debt	(407.2)	(226.9)	(180.3)
CLOSING NET FINANCIAL DEBT	(491.0)	(407.2)	(83.8)

The group's net financial debt is analysed below with details of the financial covenants established in the regulations for the 2018-2014 bonds and the 2019-2025 green bonds.

ALERION GROUP - Net financial indebtedness

(€'000)	31.12.2020	31.12.2019
Cash and cash equivalents		
- Cash	147.7	238.3
Total cash and cash equivalents	147.7	238.3
Loans and other current financial assets	1.0	0.5
Current financial liabilities		
Other loans and borrowings	(0.2)	-
Loans and borrowings	(80.6)	(47.4)
Bonds issued	(3.1)	(3.1)
Lease liabilities	(1.1)	(1.0)
Finance lease liabilities	(4.7)	(4.4)
Derivatives	(8.6)	(3.3)
Total current financial liabilities	(98.3)	(59.2)
NET CURRENT FINANCIAL POSITION	50.4	179.6
Non-current financial liabilities		
Other loans and borrowings	(12.2)	(12.0)
Bank loans and borrowings	(132.9)	(175.2)
Bonds issued	(345.7)	(345.1)
Operating lease liabilities	(19.5)	(16.2)
Finance lease liabilities	(24.6)	(30.2)
Derivatives	(6.5)	(8.1)
NON-CURRENT FINANCIAL DEBT	(541.4)	(586.8)
NET FINANCIAL DEBT*	(491.0)	(407.2)
NET FINANCIAL DEBT (excluding derivatives)	(475.9)	(395.8)
Loans and other non-current financial assets	4.4	4.1
NET FINANCIAL DEBT FOR REPORTING PURPOSES	(486.6)	(403.1)
(*) Consob communication no. DEM/6064293/2006		
FINANCIAL COVENANTS provided for by financing agreements		
NET FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives	(471.6)	(391.7)
NET FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives and operating lease liabilities	(451.0)	(374.5)

Net financial debt (excluding derivatives) amounts to €475.9 million at 31 December 2020 compared to €395.8 million at the end of the previous year.

Net financial debt (net of derivatives and operating lease liabilities) amounts to €451.0 million at 31 December 2020 compared to €374.5 million at 31 December 2019.

Cash and cash equivalents decreased by €90.6 million to €147.7 million at 31 December 2020. The main reasons for this reduction are the use of cash to acquire the three operating wind farms with total installed capacity of 119.75 MW on 27 February 2020 as described earlier, which also led to a change in the consolidation scope.

Loans and other non-current financial assets increased from €4.1 million at 31 December 2019 to €4.4 million and mostly refer to loans given to equity-accounted investees.

Current financial liabilities amount to €98.3 million (€59.2 million at 31 December 2019) and the increase is mostly due to the following factors: i) reclassification of the non-current portion of €32.1 million of the project financing taken out by Ordona S.r.l. and Callari S.r.l. due to their decision to prepay the entire amounts; ii) reclassification of part of the project financing of €1.9 million taken out by the Bulgarian subsidiaries (Krupen) to non-current after they obtained the related waiver from the lending banks on 14 March 2020; iii) recognition of the current portion of €7.4 million of the loan taken out by Grottole, included in the consolidation scope from the first quarter of 2020; iv) less resort to the credit lines used by the parent for €2.2 million; and v) repayment of the VAT facility of the project financing of €5.8 million by the subsidiary Eolica PM S.r.l..

Non-current financial liabilities amount to €541.4 million at the reporting date (€586.8 million at 31 December 2019). They include: (i) €345.7 million due to the bondholders for the new 2019-2025 bonds of €200 million, net of transaction costs of €2.5 million, subscribed on 12 December 2019 and the 2018-2024 bonds of €150 million, net of transaction costs of €1.8 million, subscribed on 29 June 2019; (ii) the non-current portion of project financing, decreased by the repayments made during the year, of €127 million, which comprises the project financing of €10.8 million of FW, included in the consolidation scope after its acquisition (see earlier); (iii) the non-current portion of lease liabilities of €44.1 million recognised in accordance with IFRS 16 "Leases". The decrease in the caption is mostly due to the reclassification to current assets of the entire amount of the project financing taken out by Callari and Ordona after their decision to prepay it.

Reference should be made to the note "Related party and intragroup transactions" for information on the relevant terms and conditions.

BASIS OF PREPARATION OF THE RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Consob resolution no. 15519 of 27 July 2006, this section describes the criteria used to prepare the reclassified statement of financial position at 31 December 2020 and the reclassified statement of profit or loss for the year then ended, included and commented on, respectively, in the section above entitled "The group's performance", and the statement reconciling the group's profit for the year and equity with those of the parent.

Reclassified statement of financial position at 31 December 2020

The captions have been reclassified and combined as follows:

Non-current assets, this caption has been broken down into the following sub-captions:

- **Intangible assets:** this sub-caption comprises i) licences and concessions of €185.8 million; ii) development costs of €10.5 million; iii) patents and intellectual property and other assets of €0.2 million; and iv) assets under development of €1.6 million (note 5);
- **Property, plant and equipment:** this sub-caption comprises i) land and buildings of €24.1 million; ii) plant and machinery of €430 million; and iii) assets under construction of €1.1 million, related to investments in wind farms (note 8);
- **Financial assets:** this sub-caption comprises the equity investments recognised under non-current financial assets in "Equity-accounted investments" (note 9).

- **Non-current loans:** this sub-caption includes loans and other non-current financial assets of €4.4 thousand (note 10).

Other non-financial assets and liabilities, this caption includes i) trade receivables from associates and other companies of €9.1 million (note 11); ii) deferred tax assets of €43.8 million (note 33); iii) tax assets (note 12) and other current assets (note 13) of €33.6 million; iv) trade payables of €8.3 million (note 23); v) post-employment benefits and other employee benefits of €0.6 million (note 19); iv) deferred tax liabilities of €22 million (note 20); viii) other non-current liabilities of €14 million (note 21); iv) tax liabilities of €4.6 million (note 24); and x) other current liabilities of €9.5 million (note 25);

Cash and cash equivalents, this caption includes cash and cash equivalents of €147.7 million (note 15);

Other financial assets and liabilities, this caption includes i) loans and other current financial assets of €1 million (note 10); ii) non-current financial liabilities of €534.9 million (note 17); iii) current financial liabilities of €89.7 million (note 22); and iv) derivatives, classified under current and non-current liabilities, of €15 million (note 18).

Reclassified statement of profit or loss, the captions have been reclassified and combined as follows:

Revenue, this caption includes i) revenue from electricity sales and feed-in tariffs of €100.6 million; and ii) other revenue and income of €8.7 million (notes 27 and 28).

Net financial expense, this caption includes i) the net financial expense of €28.3 million; and ii) net gains on equity investments and other financial assets of €0.1 million (notes 31 and 32).

Income taxes, this caption comprises the i) current taxes of €9.8 million, and ii) deferred taxes of €29.1 million (note 33).

Reconciliation between the group's profit for the year and equity with those of the parent

€'000	Equity at 31 December 2020 attributable to the owners of the parent	Profit for 2020 attributable to the owners of the parent
Alerion Clean Power S.p.A.	225,920	18,794
Difference between the carrying amount and the group's share of the subsidiaries' equity	(104,778)	(7,883)
Recognition of intangible assets with finite lives related to the development of projects to build wind farms - IAS 38 (implicit value of the building permits and rights)	29,296	(1,232)
Recognition of intangible assets with finite lives acquired as a result of business combinations at fair value in accordance with IFRS 3	93,874	(4,245)
Recognition of derivatives	(504)	1,582
Adjustment of equity-accounted investments to the group's share of the investees' equity	4,111	4,572
Elimination of intragroup transactions	(2,797)	201
Other consolidation adjustments	(42,594)	19,156
Consolidated financial statements	202,528	30,945

Other consolidation adjustments include the adjustments made to offset the higher amounts recognised in the subsidiaries' financial statements due to their revaluation of non-current assets.

THE PARENT'S PERFORMANCE

This section comments on the main captions of the parent's statements of profit or loss and financial position.

Alerion S.p.A. - Reclassified statement of profit and loss

(€m)	2020	2019
Financial income	7.6	8.4
Dividends	26.4	26.6
Profits (losses) of subsidiaries	-	(4.8)
Reversals of impairment losses	0.1	-
Net gains on equity investments	34.1	30.1
Revenue from consultancy services	3.1	3.4
Other revenue and income	0.1	-
Other revenue and income	3.2	3.4
Revenue	37.3	33.5
Personnel expenses	(1.9)	(1.7)
Other operating costs	(3.0)	(3.0)
Operating costs	(4.9)	(4.7)
Gross operating profit	32.4	28.8
Operating profit	32.4	28.8
Net financial expense	(16.0)	(7.1)
Profit before tax	16.4	21.7
Income taxes	2.4	(0.4)
Profit for the year	18.8	21.4

Net gains on equity investments amount to €34.1 million for 2020 compared to €30.1 million for 2019. They mainly comprise dividends of approximately €26.4 million received from subsidiaries and net interest income of around €7.6 million accrued on amounts due from investees during the year.

Other revenue and income of €3.2 million (€3.4 million in 2019) mostly relate to services provided to subsidiaries.

The **operating profit** amounts to €32.4 million (€28.8 million in 2019), net of operating costs of approximately €4.9 million (€4.7 million in 2019).

The **profit for the year** decreased by approximately €2.6 million to about €18.8 million. It includes net financial expense of €16 million, which increased compared to €7.1 million for 2019 due to the interest expense accrued on the green bonds issued by the parent in December 2019. The parent has an income tax benefit of €2.4 million compared to an expense of €0.4 million for 2019.

Alerion Clean Power S.p.A. - reclassified statement of financial position

(€'000)	31.12.202	31.12.201
Intangible assets	0.0	0.0
Property, plant and equipment	0.1	0.0
Financial assets	336.1	178.2
Non-current assets	336.2	178.2
Other non-financial assets, net	15.5	11.0
NET INVESTED CAPITAL	351.7	189.2
Equity	225.9	190.2
Equity	225.9	190.2
Cash and cash equivalents	85.3	177.7
Other financial liabilities, net	(211.1)	(176.7)
FINANCIAL POSITION (DEBT) FOR REPORTING PURPOSES	(125.8)	1.0
EQUITY + FINANCIAL POSITION (DEBT) FOR REPORTING PURPOSES	351.7	189.2

Non-current assets increased by €158 million to €336.1 million at 31 December 2020, mostly due to the rise in financial assets as a result of the acquisitions made during the year and, specifically, the investments in FW (€70 million) and Nulvi (€19.8 million).

The “**Other non-financial assets, net**” amount to €15.5 million at 31 December 2020 compared to €11 million at the end of the previous year. They comprise:

- **non-financial assets**, which amount to €26.5 million, showing an increase of €8 million on 31 December 2019, mainly consisting of: i) deferred tax assets of €1.3 million (€0.6 million at 31 December 2019); ii) trade receivables of €7.3 million (€6.5 million at 31 December 2019); iii) tax assets of €2.6 million (€0.2 million at 31 December 2019); and iv) other current assets of €15.4 million (€11.3 million at 31 December 2019);
- **non-financial liabilities**, which increased by €3.4 million to €11 million at 31 December 2020, and principally comprise: i) provisions for future risks and charges of €0.6 million (€0.6 million at 31 December 2019); ii) post-employment benefits of €0.5 million (€0.6 million at 31 December 2019); iii) trade payables of €0.8 million (€1.2 million at 31 December 2019); and iv) other current liabilities of €8.9 million (€4.1 million at 31 December 2019).

At 31 December 2020, **equity** amounts to €225.9 million, up €190.2 million on the previous year end, mostly due to the capital increase of €21 million (already described in the section on the key events of the year), the exchange of treasury shares for €7.9 million and the profit for the year of €18.8 million. The increase was partly offset by both the distribution of dividends of €10.1 million in 2020 and the repurchase of treasury shares of €1.8 million.

The **financial debt for reporting purposes** amounts to €125.8 million at year end while the parent had a net financial position of €1 million at 31 December 2019.

Financial assets amount to €161.1 million, down €30.2 million compared to 31 December 2019, and mainly comprise: i) non-current intragroup loans of €144.7 million (€176.2 million at 31 December 2019); and ii) current intragroup loans of €16.5 million (€15.2 million at 31 December 2019).

Financial liabilities increased by €4 million to €372.2 million at 31 December 2020 and mostly consist of: i) non-current portions of bonds and other borrowings of €351.7 million (€347.8 million at 31 December 2019); ii) current portions of bonds and other borrowings of €19.6 million (€19.4 million at 31 December 2019), and iii) loans and borrowings from subsidiaries of €0.9 million (€0.9 million at 31 December 2019).

LEGISLATIVE FRAMEWORK

The most important measures affecting the legislative framework for the sector in 2020 are shown below.

Feed-in tariff (formerly “green certificates”)

With resolution 17/2020/R/efr of 28 January 2020, the Italian regulatory authority for energy, networks and the environment (“Arera”) announced, for the purposes of determining the 2020 feed-in tariff, that the average annual selling price of electricity was €53.01/MWh in 2019. Accordingly, the 2020 feed-in tariff, which is 78% of the difference between €180/MWh and the average annual selling price of electricity for the previous year, is €99.1/MWh. According to GSE’s procedures, these incentives are paid by GSE on a quarterly basis by the end of the second quarter following the reference quarter.

Europe’s new 2030 targets for renewable energy and energy efficiency

The new European renewable energy and energy efficiency targets for 2030 were set in 2018. These principles, which are to be transposed into new Community directives, will set a target of 32% for final consumption of renewable energy by 2030 (compared with the 27% originally proposed by the European Commission), with an annual obligation of 1.3% for thermal renewables and a 14% obligation in the transport sector. The new 2030 target for energy efficiency was set at 32.5%. There will be a revision clause for both directives by 2023.

Spanish legislative framework

Spanish legislation governing renewable energy is regulated by the framework for the generation and promotion of renewable energies of the EU and specifically Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC. As provided for by Spanish law, the judicial framework is established by Law no. 24/2013 of 26 December 2013 on the electricity sector (the “**ESL**”), which is implemented with: (i) Royal decree no. 416/2014 of 6 June, which regulates the generation of electricity from renewable sources, co-generation and waste, (ii) Royal decree no. 1955/2000 of 1 December, which covers the production, transmission, distribution, sale and supply of electricity and the authorisation procedures for power plants; and (iii) Royal decree no. 2019/1997 of 26 September, which organises and governs the electricity market.

In addition to the regulations enacted at government level: (i) most of the autonomous communities (“*Comunidades Autónomas*”) have also approved specific regulations (an example

is Aragón with its decree of 25 June 2004); (ii) the municipalities also have their own regulations for the issue of work authorisations, and (iii) the environmental and urban planning regulations (mostly approved at autonomous community and municipality level) also need to be considered when designing a renewable energy project.

The ESL establishes that electricity generation is an unregulated activity (unlike the transmission and distribution of energy) and, therefore, does not actually require a licence, authorisations to build and operate a power plant have to be obtained before it can start to produce electricity.

The remuneration of renewable energy producers in an unregulated market mostly consists of revenue earned on sales in the wholesale market. In addition, the Spanish government encourages the development of renewable energy projects and holds auctions to grant the "specific remuneration system" (*"régimen de retribución específico"*) to the bidder that offers renewable energy capacity at the lowest price (e.g., requesting a lower feed-in tariff). However, any company can build a renewable energy plant without participating in an auction (i.e., without requesting a feed-in tariff) although it is then completely unprotected from price fluctuations in the electricity market.

MAIN RISKS AND UNCERTAINTIES

Risks related to the legislative and regulatory environment

The group operates in a highly regulated sector and therefore group companies are required to comply with a large number of laws and regulations.

Specifically, the group and its plants are subject to national and local regulations relating to various aspects of the activities carried out, which cover the entire electricity production chain. These regulations relate, inter alia, to the construction of the plants (the obtaining of building permits and other administrative authorisations), their operation and the protection of the surrounding environment, thus affecting the manner in which the group's activities are carried out.

The enactment of new legislation applicable to the group or to the production of electricity, or any changes to the current Italian legislative framework, including tax legislation, could have a negative impact on the operations of Alerion and its group. In addition, the implementation of any such changes could entail specific additional costs for the group. In particular, the costs of complying with changes to existing regulatory provisions, including compliance costs, which encompass the costs of adapting to requirements for operational activities, personnel authorisations and occupational safety, could be particularly high. Similarly, adaptation to the changes to the regulations described above may require long implementation periods. Such events could have negative effects on the group's financial position, financial performance and cash flows.

Furthermore, the high degree of complexity and fragmentation of national and local regulations for the renewable energy production sector, combined with inconsistent interpretations thereof by the competent authorities, could lead to uncertainty and litigation, with the related negative effects on the group's financial position, financial performance and cash flows.

The group contains this risk by constantly monitoring the legislative framework in order to implement any changes promptly, in such a way as to minimise any economic impacts that may arise.

Risks related to the cyclical nature of production and climate change

Given the characteristics of the energy sources used, the climatic conditions of the sites where the wind farms are located and production forecasts that are based on historical data and probabilistic estimates, production is highly variable.

Specifically, since wind power generation is dependent on “non-programmable” climatic factors, it is characterised by seasonal factors that make energy production inconstant during any one year.

Any adverse weather conditions and, in particular, any persistent lack of windiness for wind farms, also with respect to the measurements made during the development phase (regarding the availability of the energy source and weather forecasts), could lead to time lags and a reduction or stoppage of plant operations, resulting in peaks and troughs in the volumes of electricity produced, with consequent short-term effects on the group’s operations, financial position, financial performance and cash flows.

The group contains this risk by planning the installation of new sites in diversified geographical areas, monitoring the trends in anemometric data in order to improve weather forecasting and scheduling plant closures in less windy periods.

The group contains any risk of damage to the plants due to adverse weather events that cannot be controlled or programmed by taking out insurance policies and agreeing maintenance contracts.

Furthermore, while climatic disasters can adversely affect the group’s production as a consequence of the ongoing climate change, institutions are increasingly interested in companies that produce renewable energy. In particular, the European Union has developed an action plan for financing sustainable growth (EU Action Plan) and to direct capital flows towards the European and world economy. The group, whose core business is the production of energy from renewable sources, is heavily involved in these projects.

In addition, companies whose core business mostly consists of sustainable initiatives can access specific financing and investment tools, such as green bonds. In this regard, on 3 December 2019, the parent’s board of directors resolved to issue bonds, the terms of use of which are designed to meet the criteria set out in the parent’s green bond framework.

Risks associated with financing agreements

The group has a high level of financial and bond debt, on which it incurs financial expense. In addition, should it be required to refinance existing debt before the relevant maturity date, it may not be able to complete its investments in progress or envisaged by the plan.

Accordingly, the debt already contracted or to be contracted for the activities necessary to build and commission wind farms has entailed and/or will entail (as the case may be) an increase in the group’s financial debt. Therefore, without prejudice to the increase in revenue generated by the new wind farms after the testing period, it may encounter difficulties in repaying its debt and meeting its financial obligations, also considering the progressive expiry of the feed-in tariff schemes that apply to the plants owned by it.

The group’s projects are funded through project financing and corporate loans, such as the 2018-2024 bonds and the 2019-2025 green bonds.

The 2018-2024 bond regulation, the 2019-2025 green bond regulation and especially the financing agreements to which the group companies are party, in particular project financing agreements, contain a series of standard clauses, such as affirmative and negative

covenants, negative pledge clauses, restrictions on dividend distribution, reporting of results and financial statements, obligations to maintain financial ratios which are subject to periodic verification, and default clauses. Some project financing agreements also contain cross default clauses, according to which defaults by entities other than the beneficiary companies may result in the residual amount of the loan becoming immediately payable.

Financial parameters and covenants:

2018 - 2024 bonds

With regard to the 2018-2024 bonds, if at a calculation date, the ratio of financial debt for reporting purposes net of derivatives and lease liabilities to equity net of derivatives and the IFRS 16 FTA effect is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives and lease liabilities, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2018. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2020.

2019 - 2025 green bonds

With regard to the 2019-2025 green bonds, if at a calculation date, the ratio of financial debt for reporting purposes net of derivatives and lease liabilities to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2019. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2020.

Project financing

Note 17 NON-CURRENT FINANCIAL LIABILITIES describes the covenants to be complied with at 31 December 2020 for the project financing.

Interest rate risk

Following the issue of the bonds, as described above, the group is only marginally exposed to the risk associated with interest rate fluctuations.

The group has resorted to bank loans, including project financing agreements, to finance its projects. In this context, a significant increase in interest rates could have a negative impact on the returns of its future investment projects.

In order to contain this risk, the group has implemented a policy to hedge risks arising from interest rate fluctuations through the use of interest rate hedges (interest rate swaps, IRS), to manage the balance between fixed rate and floating rate debt.

The additional information on the risks arising from financial instruments required by IFRS 7 is provided in section 3 "Financial risk management" of the notes to the consolidated financial statements.

Credit risk related to the sale of electricity

The energy produced by the group's wind farms is purchased by trading companies, which sell it on the market. The group has specific agreements with such companies for the electricity generated by the group SPE's wind farms and is exposed to the risk that they may not pay the

consideration due or on time. At year end, the group has trade payables of €6.9 million due from these trading companies.

While the parent deems it unlikely that the trading companies should default on their commitments, it would negatively affect the financial position, financial performance and cash flows of the parent and the group.

The group sells the electricity produced by all the wind farms under one-year bilateral agreements (without tacit renewal) agreed by the SPEs that own the wind farms with the trading companies.

The group is exposed to the risk that its counterparties may default on their payments. Delays or non-payment could trigger a liquidity crisis for the group and make it difficult to meet its financial and other commitments with the related adverse effects on its results, outlook, financial position, financial performance and cash flows.

In addition, should the existing relationships with the trading companies deteriorate, the group could decide to terminate the sales agreements. In this case, it could find it difficult to identify counterparts with an adequate credit rating and to agree terms and conditions that are equally advantageous to those of its current agreements. This could have a negative effect on the group's results, outlook, financial position, financial performance and cash flows.

Risks related to the national feed-in tariff schemes the group is eligible for

All the group's wind farms, except for those in Albanella, Agrigento and Ricigliano, benefit from a feed-in tariff and 63% of its 2020 revenue is related to the national feed-in tariff schemes. Should one or more of the group's wind farms no longer qualify for these schemes for any reason whatsoever or should GSE delay paying the amounts due, the group's revenue could decrease, including significantly. Payment delays, non-receipt of the incentives or smaller incentives, including for reasons not attributable to the group, could make it necessary for the issuer to financially assist its subsidiaries (also significantly) to ensure they comply with their financing covenants and other clauses in the related agreements.

The parent deems this risk to be unlikely but should the trading companies default on their commitments, this could negatively affect the financial position, financial performance and cash flows of the parent and the group.

All the group's Italian operating wind farms have been eligible for the green certificates scheme, obtaining a number of green certificates proportionate to the electricity produced, sold to GSE at a price based on the percentage of the domestic wholesale market price for electricity. Following a legislative amendment approved in 2011 with Legislative decree no. 28/2011 and the related Ministerial decree of 6 July 2012, the green certificates scheme was discontinued on 1 January 2016. As a result, the beneficiary wind farms migrated to the feed-in tariff scheme for their remaining useful lives (between one and eight years) under specific agreements signed with GSE.

Commodity price risk

The group is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's selling price will affect its future revenue.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The group negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electrical energy from unfavourable fluctuations in the risk component embedded in the selling price agreed with its customers.

The purpose of the hedging relationships designated as such by the group is to peg the hedged risk component tied to revenue from future highly probable electricity sales by agreeing commodity swaps.

Credit risk

Credit risk represents the group's exposure to potential losses arising from default by its counterparties.

At the date of preparation of this report, there have been no significant instances of counterparty default. While most of the group's trade receivables are due from a limited number of customers, there is no risk of default linked to the concentration of credit due to its counterparties' excellent creditworthiness.

Section 3 "FINANCIAL RISK MANAGEMENT" of the notes to the consolidated financial statements provides more information about this risk.

Liquidity risk

Liquidity risk is the risk that, due to the group's inability to access new sources of funds, it will not be able to meet its financial and commercial obligations in line with the established terms and deadlines. The group's objective is to create a financial structure that, in accordance with its operating objectives, always guarantees an adequate level of liquidity.

Section 3 "FINANCIAL RISK MANAGEMENT" of the notes to the consolidated financial statements provides more information about this risk.

The group assessed the parent's and the group's ability to continue as going concerns when preparing the separate and consolidated financial statements and concluded that, despite the difficult economic and financial environment, there is no doubt that they can continue as going concerns.

The section on the financial risk management policy in the notes to the consolidated financial statements describes the group's measure to manage such risks.

Uncertainties due to the economic and social repercussions of the spread of Covid-19

The Covid-19 pandemic

Since January 2020, there has been a growing and progressive spread at international and national level of the public health emergency due to the outbreak of the novel coronavirus Covid-19. On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organisation declared that the outbreak constituted a Public Health Emergency of International Concern (PHEIC) and subsequently classified the outbreak as a "pandemic" in March 2020. This public health emergency led the Italian government to declare a state of emergency, currently in place until 30 April 2021, and to introduce increasingly restrictive measures to curb and contain the spread of Covid-19 in Italy. These measures firstly affected Lombardy and northern Italy to then be applied to the rest of the country.

In accordance with the ministerial provisions issued during the year and to ensure the safety and health of its employees and consultants, the group promptly introduced remote working for as many resources as possible and this is still in place.

Throughout the year and up until the date of preparation of this report, the group's operations have not been discontinued proving the effectiveness of the group's timely measures. Specifically, the wind farms' operations are guaranteed by asset management and plant maintenance activities continued thanks to the fact that the group's suppliers also managed to remain operational. Group management monitors the situation constantly to pre-empt any repercussions on its business and introduce all the measures needed to ensure regular operations.

The great uncertainty about the economic and social fallout of Covid-19 has had a significant adverse effect on the financial markets and estimates about global economic growth. It is not yet possible to foresee the length and intensity of the economic stagnation that could affect 2021, which depends in part on the measures adopted and to be adopted by governments to support the economy.

During the year, the group carefully monitored developments in the countries where it operates. It issued guidelines about the most suitable procedures to adopt to prevent and/or mitigate the effects of contagion in the workplace in order to protect the health and safety of its employees and those of its suppliers and customers while allowing operations to continue.

The group carefully analysed the situation in the countries where it operates in order to assess the impact of Covid-19 on its operations, financial position and financial performance at the date of preparation of this report in line with ESMA's most recent recommendations in its public statements EMS 71-99-1290 of 11 March 2020, ESMA 32-63-951 of 25 March 2020, ESMA 31-67-742 of 27 March 2020 and ESMA 18-75-46 of 9 April 2020. It also considered Consob's guidelines in Measure no. 6/20 of 9 April 2021 and Measure no. 4/21 of 15 March 2021.

Specifically and to comply with the measures issued by Consob in 2020 and early 2021, the group's main considerations about the effects of Covid-19 on its business are set out below.

As noted earlier, the impact of Covid-19 on the group's business and operations is tied to the reduction in electricity prices and the group does not expect there to be other effects. Its analyses identified a contraction in prices throughout the year with the average selling price for wind farms that qualify for the feed-in tariff at €135.8/MWh compared to €140.6/MWh in 2019. The 2020 average selling price was €36.7/MWh while it was €48.5/MWh in 2019 due to the impact of the pandemic and fluctuations in the energy sector's macroeconomic context. This downturn in price was partly offset by the increase in the unit value of the feed-in tariff paid in the first half of the year (€99.1/MWh compared to €92.1/MWh in the same period of 2019). No price issues affected the Villacidro, Morcone-Pontelandolfo and Albareto wind farms as they benefit from the auction-guaranteed minimum price (as per Ministerial decree no. 23/06/2016) of €66/MWh.

In addition to the electricity price factor, the group identified the following considerations about the Covid-19 pandemic:

- as electricity production is classified as a public utility service, the related power plants were not shuttered or partly shut down. The wind farms' operations are guaranteed by asset management and plant maintenance activities that have continued, thanks also to the fact that the group's suppliers also managed to remain operational;
- the sensitivity analysis of the recoverability of non-current assets (see note 5 for details of the impairment test) considered the worsened economic climate caused by Covid-19;

- the reduction in electricity prices will be partly mitigated in 2021 when the GSE recalculates its feed-in tariff and increases it, where provided for;
- the uncertainties caused by Covid-19 do not affect the measurement of the group's financial assets or estimation of expected credit losses, given the nature of such assets, which mainly consist of cash and cash equivalents, the amounts due under feed-in tariff schemes from GSE and VAT assets.

Moreover, none of the group's employees caught the virus during the year. It did not nor does it intend to apply for the social security shock absorbers and/or personnel lay-off procedures.

CORPORATE EVENTS

Reference should be made to the section on the key events of the year.

RELATED PARTY AND INTRAGROUP TRANSACTIONS

The information on related party transactions required by Consob communication no. DEM/6064293 of 28 July 2006 is presented in the relevant sections of this report.

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 on related party transactions of 12 March 2010, as amended, it is noted the group's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the group's financial position, financial performance and cash flows.

Terms and conditions of intragroup transactions

As part of its holding company activities, Alerion coordinates the administrative, management and commercial activities of the group companies and optimises their financial resources. It provides services to the subsidiaries and associates as part of these activities. These transactions with subsidiaries are eliminated in the consolidation process. Financial transactions are also carried out between the group companies. Transactions with subsidiaries and investees are regulated at arm's length, taking into account the nature of the services provided. Significant transactions with subsidiaries or investees that affect the group's consolidated financial statements include the subsidiaries' participation in the domestic tax consolidation scheme.

The parent is the tax consolidator. The scheme enables the participating group companies to offset their taxable profits or tax losses with a clear benefit not only for themselves, but also for the group as a whole.

Companies participating in the domestic tax consolidation scheme have signed an agreement governing and specifying the requirements, obligations and responsibilities to which they mutually agree when they join the scheme. In particular, specific provisions are designed to ensure that participation is not disadvantageous economically or financially compared to their position had they not joined the scheme, or if (where applicable) they had opted for group taxation with their own subsidiaries.

EVENTS AFTER THE REPORTING DATE AND OUTLOOK

Events after the reporting date

On 3 February 2021, the parent's board of directors approved the 2021-2023 business plan. It envisages an investment programme for the three years to position the group as one of the main players in the European renewable energy sector and to have production output in excess of 3 TWh at the end of the plan period.

On 10 February 2021, Alerion signed an agreement to develop photovoltaic systems in Romania with PV Project RO. They have agreed to commission photovoltaic systems with total installed capacity of around 200 MW. Part of these systems, with total installed capacity of approximately 33 MW, should become operational by the end of June 2021.

On the same date, through its subsidiary Naonis Wind S.r.l., the parent was awarded a feed-in tariff of approximately €68.5/MWh for 20 years during the FER auction held by GSE. This subsidiary has a permit to build a wind farm with capacity of around 12.6 MW in the municipality of Cerignola (Puglia).

On 19 February 2021, the parent's board of directors authorised its chairman to call an extraordinary shareholders' meeting on single call for 26 March 2021 to resolve on the possible proxy to increase the parent's share capital, excluding the rights of first refusal by a maximum of €300 million before 31 December 2021. This capital increase will allow the parent to pursue its growth objectives set in the 2021-2023 business plan and increase its float. It will be open to Italian and foreign institutional investors.

Outlook

The parent will continue the development project included in the 2021-2023 business plan during 2021. This will involve seeking targeted opportunities for organic and external growth in order to increase the installed capacity of its wind farms in Italy and abroad (mostly Romania and Spain).

OTHER INFORMATION

Corporate governance

The Alerion Group is a signatory of, and complies with the Code of Conduct for Listed Companies approved in December 2011 and most recently updated in July 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., integrated and amended to reflect its characteristics.

The corporate governance report includes a general description of the group's corporate governance system, information about its ownership structure and compliance with the Code of Conduct. It also describes the main corporate governance practices applied and the characteristics of the internal controls over financial reporting and the risk management system. This report is available on the website www.alerion.it.

Dividend distribution

At their meeting of 27 April 2020, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.2 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 24 June 2020 and detachment date of coupon 9 on 22 June 2020. The parent distributed the dividend of €10.1 million in compliance with the terms established by the shareholders.

Management and coordination

The parent has been managed and coordinated by Fri-El Green Power S.p.A. as per article 2497 of the Italian Civil Code since December 2017.

It complies with the requirements of article 37.a)/b)c).i) of Consob regulation no. 16191/2007 (as per article 2.6.2.9 of the regulation of the markets organised and managed by Borsa Italiana S.p.A.).

Disclosure required by Law no. 124/2017 of 4 August 2017

Article 1.125 of Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from the public administration to disclose the amounts of the grants received in the notes to the separate (and consolidated, if prepared) financial statements. While awaiting a more specific interpretation of this law and given the possible serious consequences of non-compliance with this disclosure obligation, the group has opted to disclose the grants received from the public administration by all the group companies that fall within the general category of grants as defined by the state (i.e., the feed-in tariff schemes). The amounts shown in the tables below are also presented in the financial statements of the relevant group companies.

Summary of incentives received in 2020	Feed-in tariff	Feed-in premium
(€'000)		
Gross amount received	78,070	14
Grantor: Gestore Servizi Energetici (GSE)		

Consolidated non-financial statement

The parent is exempt from the requirement to disclose non-financial and diversity information as per Legislative decree no. 254 of 30 December 2016 which transposed Directive 2014/95/EU on the disclosure of non-financial and diversity into Italian law. This is because at individual and group level, the average number of employees is less than 500 and therefore it does not qualify by size as a listed public interest entity, a bank or insurance company which are required to prepare and publish an individual or consolidated non-financial statement that provides disclosures on environmental, social, human resources, human rights and anti-corruption topics.

Treasury shares and shares of parents

At 31 December 2020, the parent has 4,500 treasury shares (844,445 at 31 December 2019), equal to 0.01% of its share capital.

More information about the parent's treasury shares and changes therein during the year is provided in note 16 "EQUITY" to the consolidated financial statements.

Investments held by directors, statutory auditors, COOs and key management personnel

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the investments held by the directors, statutory auditors, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act (TUF).

Exercise of option to waive the disclosure obligations about significant non-recurring transactions

On 30 January 2013, the parent's board of directors resolved to avail of the option not to publish the information documents required for significant mergers, demergers and capital increases through the contribution of assets in kind, acquisitions and disposals.

Environment, health and safety

The Alerion Group is involved in the development, construction and management of plants that generate electricity from renewable sources, thereby contributing directly to the reduction of pollutant emissions and the promotion of a system of sustainable development in the local area.

Alerion's commitment to developing environmental resources is part of an integrated system for assessing and managing the impact of its production activities on the environment.

With regard to occupational health and safety, Alerion operates in accordance with Legislative decree no. 81/08, Legislative decree no. 106/09 and particularly the BS OHSAS 18001:2007 standard, with certification for the "Production of electricity from wind sources. Operation and maintenance through third-party companies of plants for the production of electrical energy from wind sources". The compliance certificate no. 9192.ALEN was renewed on 20 December 2020.

In 2020, there were no workplace accidents involving either personnel of the Alerion Group or employees of third party suppliers who carry out work at the Group's premises or plants.

Workforce

The group has 36 employees at the reporting date, broken down as follows:

	31.12.2019	Increases	Decreases	31.12.2020	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	27	10	(3)	34	31.0
Total employees	29	10	(3)	36	33.0

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2019	31.12.2020	31.12.2019	31.12.2020
Managers	52	53	2	2
Junior managers and white collars	43	41	11	17
Average	47.5	47.0	13	19

Branches

Alerion Clean Power S.p.A. has its registered office in Viale Majno 17, Milan and does not have branches. The subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l. has a branch in Potenza.

PROPOSED ALLOCATION OF THE PROFIT FOR THE YEAR

Dear shareholders,

If you agree with that set out above, we invite you to adopt the following resolution:

The shareholders of Alerion Clean Power S.p.A.

- *having acknowledged the reports of the statutory auditors and the independent auditors KPMG S.p.A.;*
- *having examined the parent's draft separate financial statements at 31 December 2020 which show a profit for the year of €18,794,232;*
- *having examined the consolidated financial statements at 31 December 2020 which shows a profit of €30,945 thousand attributable to the owners of the parent;*

resolve:

1. *to approve the directors' report;*
2. *to approve the parent's separate financial statement at 31 December 2020, consisting of the statements of financial position, profit or loss, comprehensive income and cash flows and notes thereto, as well as the basis of preparation and related annexes, as presented by the board of directors as a whole and in the individual captions;*
3. *to approve the allocation of the parent's profit for the year of €18,794,232 as follows: €2,671,547.52 to the income-related reserves, €15,182,972.88 as dividends equal to €0.28 gross per ordinary share (net of treasury shares) outstanding at the payment date, without prejudice to any changes in this amount due to transactions involving treasury shares from time to time, and €939,711.58 to the legal reserve.*

Board of directors

2020

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	Note	31.12.2020	including: related parties	31.12.2019	including: related parties
NON-CURRENT ASSETS					
Intangible assets	5	198,100		148,504	
Property, plant and equipment	8	455,637		415,325	
Equity-accounted investments	9	50,026		18,447	
Loans and other non-current financial assets	10	4,358	3,883	4,079	3,773
Other current assets		875		10	
Deferred tax assets	33	43,805		19,885	
TOTAL NON-CURRENT ASSETS		752,801		606,250	
CURRENT ASSETS					
Trade receivables	11	9,113	1,722	4,815	861
Tax assets	12	5,096		2,352	
Other current assets	13	28,539		28,577	844
Loans and other current financial assets	14	1,003		548	
Cash and cash equivalents	15	147,706		238,348	
TOTAL CURRENT ASSETS		191,457		274,640	
TOTAL ASSETS		944,258		880,890	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	31.12.2020	including: related parties	31.12.2019	including: related parties
EQUITY ATTRIBUTABLE TO THE OWNER OF THE PARENT	16	202,528		158,064	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	16	4,473		2,752	
NON-CURRENT LIABILITIES					
Financial liabilities	17	534,883	9,951	578,756	
Derivatives	18	6,452		8,113	
Post-employment benefits and other employee benefits	19	602		690	
Deferred tax liabilities	33	38,649		29,506	
Provisions for future risks and charges	20	21,975	18	16,531	18
Other non-current liabilities	21	13,970		8,549	
TOTAL NON-CURRENT LIABILITIES		616,531		642,145	
CURRENT LIABILITIES					
Financial liabilities	22	89,751	213	55,875	
Derivatives	18	8,573		3,309	
Trade payables	23	8,313	1,401	9,819	1,422
Tax liabilities	24	4,559	650	3,971	
Other current liabilities	25	9,530	883	4,955	-
TOTAL CURRENT LIABILITIES		120,726		77,929	
TOTAL LIABILITIES		737,257		720,074	
TOTAL EQUITY AND LIABILITIES		944,258		880,890	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	2020	including: related parties	2019	including: related parties
Electricity sales		37,236	4,406	31,531	4,583
Feed-in tariff		63,389		38,501	
Revenue	27	100,625		70,032	
Other revenue and income	28	8,724	1,383	1,797	639
Total revenue and income		109,349		71,829	
Operating costs					
Personnel expenses		2,492		2,230	
Other operating costs		29,882	5,736	18,132	2,729
Accruals to provisions for risks		465	-	-	-
Total operating costs	29	32,839		20,362	
Share of profit of equity-accounted investees		4,614		2,422	
Amortisation and depreciation		41,642		24,384	
Impairment losses/reversals of impairment losses		(990)		1,805	
Total amortisation, depreciation and impairment losses/reversals of impairment losses	30	40,652		26,189	
OPERATING PROFIT		40,472		27,700	
Financial income		195		217	
Financial expense		(28,511)		(15,972)	
Net financial expense	31	(28,316)	(423)	(15,755)	(465)
Net gains on equity investments and other financial assets	32	85	142	13,555	142
PROFIT BEFORE TAX		12,241		25,500	
Current		(9,785)		(5,670)	
Deferred		29,112		1,522	
Income taxes	33	19,327		(4,148)	
PROFIT FOR THE YEAR		31,568		21,352	
Attributable to:					
Owners of the parent	34	30,945		21,055	
Non-controlling interests		623		297	
EARNINGS PER SHARE					
<i>(€ per share)</i>					
- Basic, considering the profit for the year attributable to the owners of the parent		0.60		0.42	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
- Basic, considering the profit from continuing operations attributable to the owners of the parent		0.60		0.42	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	2020	2019
PROFIT FOR THE YEAR (A)	31,568	21,352
Net hedging gains (losses)	712	(1,944)
Related tax	(57)	469
Net fair value gains on cash flows hedges relating to equity-accounted investees	517	558
Related tax	(124)	(137)
Post-tax other comprehensive income (expense) that can be reclassified subsequently to profit or loss (b1)	1,048	(1,054)
Net actuarial losses on defined benefit plans (IAS 19)	(12)	(53)
Related tax	3	15
Post-tax other comprehensive expense that will not be reclassified to profit or loss (b2)	(9)	(38)
Total post-tax other comprehensive income (expense) (b1) + (b2) = (B)	1,039	(1,092)
COMPREHENSIVE INCOME (A) + (B)	32,607	20,260
Attributable to owners of the parent	31,984	19,963
Attributable to non-controlling interests	623	297
COMPREHENSIVE INCOME	32,607	20,260

STATEMENT OF CASH FLOWS

(€'000)	Note	2020	including: related parties	2019	including: related parties
A. Cash flows from operating activities					
Profit attributable to:					
Owners of the parent		30,945		21,055	
Non-controlling interests		623		297	
Adjustments for:					
Amortisation, depreciation and impairment losses/reversals of impairment losses	30	40,715		26,189	
Financial (income)/expense and (gains)/losses on equity investments	31 - 32	28,231		2,200	
Current taxes	33	9,785		5,670	
Share of profit of equity-accounted investees		(4,614)		(2,422)	
Increase (decrease) in post-employment benefits	19	(100)		(345)	
Increase (decrease) in provisions for risks and charges	20	1,515		1,309	
Increase (decrease) in deferred tax liabilities	33	(29,472)		(182)	
Total cash flows from current operations		77,628		53,771	
(Increase) decrease in trade receivables and other assets	11 - 12 - 13	4,885	(16)	19,399	(1,408)
Increase (decrease) in trade payables and other liabilities	21 - 23 - 25	(18,620)	861	(5,951)	662
Taxes paid	24	2,296		(2,376)	
Total cash flows from changes in working capital		(11,439)		11,072	
Total cash flows generated by operating activities		66,189		64,843	
B. Cash flows from investing activities					
Cash acquired as part of business combinations		16,581		23,738	
Consideration transferred in business combinations		(90,712)		(108,750)	
Loans and borrowings assumed as part of business combinations		-	-	-	-
(Investments) disposals of intangible assets	5	(1,648)		(7,383)	
(Investments) disposals of property, plant and equipment	8	(2,147)		(19,559)	
Change in financial liabilities for investing activities		-		(31,608)	
Dividends received from equity-accounted investees	9	2,847		1,824	
B. Cash flows used in investing activities		(75,079)		(141,738)	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	10 - 14	(1,487)		9,895	
Net change in lease liabilities	17 - 22	(7,328)		(2,335)	
Increase (decrease) in bank loans and borrowings	17 - 22	(41,286)		62,598	
Increase (decrease) in bonds issued		-		197,329	
Repurchase of treasury shares		(1,800)		(85)	
Dividends distributed	16	(10,716)	-	(1,713)	
Financial expense paid		(19,135)		(14,379)	
Total cash flows generated by (used in) financing activities		(81,752)		251,310	
D. Cash flows for the year (A+B+C)		(90,642)		174,415	
E. Opening cash and cash equivalents	15	238,348		63,933	
F. Closing cash and cash equivalents (D+D1+E)	15	147,706		238,348	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2020

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 December 2019	140,000	(1,660)	21,400	8,438	(10,114)	158,064	2,752	160,816
Profit for the year	-	-	-	30,945	-	30,945	623	31,568
Other comprehensive income	-	-	-	(9)	655	646	-	646
Other comprehensive income relating to equity-accounted investees					393	393	-	393
Comprehensive income	-	-	-	30,936	1,048	31,984	623	32,607
Dividends approved and/or distributed	-	-	-	(10,069)	-	(10,069)	(647)	(10,716)
Repurchase of treasury shares	-	(1,800)	-	-	-	(1,800)	-	(1,800)
Capital increase	21,137	3,432	-	4,257	-	28,826	-	28,826
Other changes	-	-	-	(4,477)	-	(4,477)	1,745	(2,732)
31 December 2020	161,137	(28)	21,400	29,085	(9,066)	202,528	4,473	207,001

Reference should be made to note 16 "EQUITY" for details of the individual captions.

STATEMENT OF CHANGES IN EQUITY - 2019

(€'000)	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 December 2018	186,042	(1,575)	21,400	(58,049)	(9,060)	138,758	2,453	141,211
Profit for the year	-	-	-	21,055	-	21,055	297	21,352
Other comprehensive expense	-	-	-	(38)	(1,475)	(1,513)	-	(1,513)
Other comprehensive income relating to equity-accounted investees					421	421	-	421
Comprehensive income	-	-	-	21,017	(1,054)	19,963	297	20,260
Dividends approved and/or distributed	-	-	-	(1,713)	-	(1,713)	-	(1,713)
Capital reduction	(46,042)	-	-	46,042	-	-	-	-
Repurchase of treasury shares	-	(85)	-	-	-	(85)	-	(85)
Other changes	-	-	-	1,141	-	1,141	2	1,143
31 December 2019	140,000	(1,660)	21,400	8,438	(10,114)	158,064	2,752	160,816

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

The parent, Alerion Clean Power S.p.A. (the “parent” or “Alerion”) is a legal entity subject to Italian law. Its ordinary shares are listed on the MTA segment of the Italian stock exchange. The Alerion Group’s (the “group”) headquarters are at Viale Luigi Majno 17 in Milan.

The group specialises in electricity production from renewable sources, particularly in the wind power sector.

On 11 March 2021, the parent’s directors approved the publication of the group’s consolidated financial statements as at and for the year ended 31 December 2020.

2. BASIS OF PREPARATION

The consolidated financial statements at 31 December 2020 comprise the statements of financial position, profit or loss, comprehensive income, cash flows and changes in equity and these notes. They have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), endorsed by the European Union as published in the Official Journal of the European Communities and in force on 31 December 2011. They also comply with the measures implementing article 9 of Legislative decree no. 38/2005. The term IFRS includes all revised International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and derivatives, which are recognised at fair value. The business combinations carried out during the year have been recognised at the acquisition-date fair value (see note 7. “BUSINESS COMBINATIONS”).

The consolidated financial statements have been drawn up on a going concern basis. Indeed, despite the general uncertain situation and volatile financial markets caused by the spread of Covid-19, which the World Health Organisation classified as a pandemic on 11 March 2020, the group believes that there are no material uncertainties as defined by IAS 1.24 that may cast significant doubt upon the group’s ability to continue as a going concern. Since electricity production is a service of public interest, the group’s operations have not been reduced or affected by the pandemic.

The consolidated financial statements are presented as follows:

- the statement of financial position presents current and non-current assets and current and non-current liabilities separately;
- the statement of profit or loss presents costs based on their nature rather than their function, as the group deems that this classification is more representative;
- the statement of cash flows is based on the indirect method.

As required by Consob (the Italian Commission for listed companies and the stock exchange) resolution no. 15519 of 27 July 2006, the group has included additional tables showing the significant effects of related party transactions.

Unless otherwise indicated, amounts are expressed in thousands of Euros.

The accounting policies adopted for the preparation of these consolidated financial statements at 31 December 2020 are consistent with those used for the consolidated financial statements at 31 December 2019, except for those affected by the standards, amendments and interpretations that the group applied for the first time as of 1 January 2020, which are described in the note 2.5. "AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS".

2.1 BASIS OF PRESENTATION

In accordance with Consob resolution no. 15519 of 27 July 2006, the basis of presentation of the statements of financial position, profit or loss and changes in equity (in line with IAS 1) and of the statement of cash flows (in line with IAS 7) is set out below:

- the statement of profit or loss classifies costs based on their nature;
- the statement of financial position classifies current and non-current assets and current and non-current liabilities separately, in accordance with IAS 1;
- the statement of changes in equity presents the changes for the year by reconciling the opening and closing balances of each equity caption;
- the statement of cash flows classifies cash flows under operating, investing and financing activities, as provided for by IAS 7. Specifically, cash flows from operating activities are presented using the indirect method, whereby the profit or loss for the year is adjusted for any non-monetary items, deferral or provision of previous or future collections of an operating nature, or revenue or cost items linked to cash flows from investing or financing activities.

Lastly, in accordance with the above Consob resolution, where material, the amounts arising from related party transactions are presented separately in specific sub-captions of the statements of financial position, profit or loss and cash flows.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent's separate financial statements as well as the financial statements of the entities over which the parent has control. The definition of control is not based solely on legal ownership. The group controls an entity when it has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Non-controlling interests in equity and profit or loss are presented separately in the statement of financial position and statement of profit or loss.

Subsidiaries are consolidated, whereas jointly-controlled entities are measured using the equity method, as are associates and other entities over which the group exercises significant influence.

Consolidated investments in subsidiaries held for sale are classified in accordance with IFRS 5 and, after having being consolidated, their assets and liabilities are classified in a different caption of the statement of financial position ("Assets held for sale and disposal groups" and "Liabilities associated with assets held for sale", respectively). Their contribution to profit or loss is presented in the caption "Profit (loss) from discontinued operations" of the statement of profit or loss.

The consolidation method is summarised below:

- the subsidiaries' assets, liabilities, costs and revenue are recognised in full, by eliminating the investment's carrying amount against the acquisition-date fair value of the subsidiaries' net assets. Should a difference not allocable to specific assets or liabilities arise, it is recognised as goodwill under intangible assets, if positive, or in profit or loss, if negative;
- any profit or loss from transactions between subsidiaries that have not been yet realised with third parties is eliminated, as are financial assets and liabilities and costs and revenues between consolidated companies, if material;
- dividends distributed by subsidiaries are removed from profit or loss and added to retained earnings, if and to the extent they were taken therefrom;
- equity and profit or loss attributable to non-controlling interests are presented in specific captions under equity, separately from the portion attributable to the owners of the parent, and of the statement of profit or loss.

All financial statements used for consolidation purposes have been adjusted to comply with the IFRS used by the subsidiaries.

EQUITY METHOD

Investments in joint ventures, associates and immaterial subsidiaries that are not consolidated are measured using the equity method, whereby the investments are initially recognised at cost, allocating this cost to the investee's assets and liabilities, similarly to the treatment for business combinations. This allocation is made provisionally at the date of initial recognition and may be adjusted retroactively within 12 months to reflect new information about events and circumstances existing at the date of initial recognition. The investments' carrying amount is subsequently adjusted to reflect: (i) the investor's share of the investee's profits or losses recognised after the acquisition date, adjusted for amortisation, depreciation and any impairment of the higher value allocated to the investee's assets; and (ii) the investor's share of the investee's other comprehensive income.

Dividends distributed by the investee are offset against the investment's carrying amount. Consolidation adjustments are considered during application of the equity method.

2.3 JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

Directors make judgements, estimates and assumptions in preparing the consolidated financial statements which affect the carrying amount of revenue, costs, assets and liabilities, as well as disclosures about contingent liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to determine:

Recoverable amount of non-current assets

Non-current assets include intangible assets with a finite useful life (principally licences and concessions for wind farm authorisations and management) and property, plant and equipment (mainly plant and equipment in use at the group's wind farms or being constructed therefor). Management regularly revisits the carrying amount of non-current assets held and used, whenever there are trigger events. This exercise is based on the assets' estimated useful life and present value of future cash flows, discounted using appropriate rates. This requires the use of hypothetical assumptions about future events and directors' actions that may not necessarily occur as expected.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. This requires a high level of directors' judgement to determine the recognisable amount of deferred tax assets. They should estimate the probable timing and amount of the group's future taxable profits and decide the related tax planning strategy. Reference should be made to note 33 for additional details.

Employee benefits – Italian post-employment benefits

The obligation for the Italian post-employment benefits (TFR) is determined on an actuarial basis. Actuarial valuations require making assumptions about discount rates, future salary increases and turnover and mortality rates. Due to the long-term nature of these plans, the related estimates are permeated by a high level of uncertainty. The group's net liability for post-employment benefits at the reporting date amounts to €602 thousand. Reference should be made to note 19 for additional details.

Depreciation and amortisation

In 2019, the group revised the estimated useful life of its wind turbines, decreasing their depreciation rate from 5% to 4% as of 1 January 2019

.
The change is due to management experience gained over the years of using the assets, current obsolescence estimates and their expected income generating capacity

.
The new rate is supported by the report of a leading advisory firm specialised in the energy, real estate and infrastructure segments, which checked the current condition of all the group's plants after they underwent maintenance.

Right-of-use assets and lease liabilities

Measuring right-of-use assets and lease liabilities under IFRS 16 involves the resort to judgement, which entails the definition of certain accounting policies and the use of assumptions and estimates, mainly in relation to the determination of the lease term and the incremental borrowing rate. The main relevant assumptions and estimates are summarised in note 2.5 "AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS".

Other estimates

Estimates are also used to measure impairment losses for credit risk, accruals to provisions for risks and charges, impairment losses on assets, fair values of derivatives and intangible assets as part of business combinations recognised under IFRS 3.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are immediately recognised in profit or loss.

2.4 KEY ACCOUNTING POLICIES

This section summarises the group's key accounting policies.

STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill and other intangible assets with an indefinite useful life are not amortised but regularly tested for impairment, by checking their recoverable amount based on the relevant cash-generating unit's (CGU) expected cash flows. Impairment testing, which is defined by the IFRS, also considers the investment risk. Should the present value of the expected cash flows not allow for the recovery of the initial investment, the asset is impaired accordingly.

Business combinations

As of 1 January 2010

The group accounts for business combinations using the acquisition method. The acquisition cost is measured as the aggregate of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. For each business combination, the group measures any non-controlling interests in the acquiree at fair value or in proportion to the non-controlling interests in the acquiree's identifiable net assets. Transaction costs are recognised in profit or loss under administrative costs.

When the group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed in accordance with the contractual, financial and other relevant conditions existing at the acquisition date. This includes establishing whether an embedded derivative should be separated from the host contract. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity-accounted interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.

The acquirer measures any contingent consideration at fair value at the date of acquisition. The change in fair value of contingent consideration classified as an asset or a liability is recognised in profit or loss or other comprehensive income in accordance with IFRS 9. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially recognised as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net identifiable assets acquired and the liabilities assumed by the group. Should the latter exceed the consideration transferred, the group recognises a gain from a bargain purchase in profit or loss.

After initial recognition, goodwill is reduced by any accumulated impairment losses. To this end, at the acquisition date, the goodwill arising from a business combination is allocated to each CGU that is expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree have been allocated thereto.

If the group decides to discontinue part of a CGU to which goodwill has been allocated, the portion of goodwill associated therewith is included in the carrying amount of the asset held for

sale when determining the profit or loss from discontinued operations. Such goodwill is measured by reference to the asset classified as held for sale and the CGU's portion retained by the group.

Before 1 January 2010

Business combinations were recognised using the purchase method. Directly attributable transaction costs were considered as being part of the purchase cost. Non-controlling interests were measured on the basis of the relevant portion of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for separately. Each new acquisition of interests in the acquiree did not affect the goodwill previously recognised.

When the group acquired a business, embedded derivatives separated from the host contract by the acquiree were not restated at the acquisition date unless the business combination resulted in a change in the terms of the contract that substantially altered the cash flows that would have been otherwise provided for in the contract.

Contingent consideration was recognised if, and only if, the group had a present obligation and the cash outflow was probable and could be reliably estimated. Any subsequent changes in contingent consideration were recognised as part of the related goodwill.

Intangible assets with a finite useful life

In accordance with IAS 38, the group recognises the costs, including directly-attributable costs, incurred to acquire assets or resources without physical substance to be used in the production of goods or provision of services, leased to third parties or used for administrative purposes as intangible assets, provided that such costs can be measured reliably and the asset is clearly identifiable and controlled by the group. Goodwill acquired against consideration is also recognised.

Separately acquired intangible assets are recognised at cost and subsequent expenditure is recognised as an increase in the carrying amount of the asset to the extent it generates future economic benefits. Intangible assets acquired as part of a business combination are recognised at their acquisition-date fair value.

Intangible assets with a finite useful life are systematically amortised on a straight-line basis over their useful life. Their carrying amount is tested for impairment annually, or more frequently should there be an indication of impairment.

Research expenditure is recognised in profit or loss as incurred. Development costs incurred in relation to a specific project are capitalised if they are reliably measurable and their future recovery is reasonably certain. After initial recognition, they are measured at cost, possibly decreased by amortisation or impairment losses. Capitalised development costs are amortised over their useful life based on the timeframe during which the expected future cash flows of the underlying project will flow to the group.

The carrying amount of development costs is tested for impairment annually or more frequently, should there be an indication of impairment.

Amortisation is charged on a straight-line basis over the asset's estimated useful life as follows:

Amortisation rate	Rate
Licences and concessions	from 3% to 4%
Development costs	from 4% to 5%
Patents and intellectual property rights	from 10% to 20%
Other intangible assets	20%

Property, plant and equipment

Property, plant and equipment are recognised at historical cost and systematically depreciated over their useful life, except for land and assets held for sale, which are not depreciated but are impaired, should their fair value decrease to below their carrying amount.

Straight-line depreciation is carried out using rates held to reflect the assets' estimated useful life. Such rates are applied pro rata to assets purchased during the year, to account for their actual period of use.

In 2019, the group increased the useful life of its wind turbines from 20 years to 25 years, effective from 1 January 2019 (see note 2.3 "JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES").

Subsequent expenditure is recognised as an increase in the carrying amount of the related assets only if it results in an actual improvement in the asset's value.

Day-to-day servicing costs are recognised in profit or loss as incurred. Non-routine maintenance costs are recognised as an increase in the carrying amount of the related assets if they significantly increase their productivity or useful life, in which case they are depreciated over the assets' residual useful life.

The group has also capitalised borrowing costs related to project financing or other borrowings strictly related to assets under construction.

Assets held under finance leases are recognised in accordance with IAS 17, which requires their recognition as items of property, plant and equipment at cost and that they be depreciated accordingly.

Future lease payments are recognised as lease liabilities, whereas interest expense relating to the year is recognised in profit or loss under financial expense.

The accounting treatment of right-of-use assets in the consolidated financial statements is in line with the requirements of IFRS 16 (see note 2.5 "AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS").

Depreciation of property, plant and equipment is charged on a straight-line basis over their estimated useful life as follows:

Depreciation rate	Rate
Plant and equipment	from 2% to 20%
Other assets	from 12% to 25%

Right-of-use assets are depreciated over the lease term, which is equal to the non-cancellable period of a lease, together with periods covered by an option to extend or terminate the lease if the lessee is reasonably certain to exercise, or not to exercise, respectively, that option, or over

their useful life, if shorter. Under IFRS 16.32, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset over the useful life of the underlying asset.

Land is not depreciated.

The cost comprises an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, if this in accordance with the requirements of IAS 37.

Equity-accounted investments

Investments in joint ventures and associates are measured using the equity method.

Under such method, investments in joint ventures or associates are recognised at cost, and the carrying amount is increased or decreased to recognise the group's share of changes in the investees' net assets after the date of acquisition. Goodwill relating to an investee is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.

The group's share of profit or loss resulting from this method is recognised in profit or loss under "Share of profits (losses) of equity-accounted investees".

Other equity investments

These are classified as other financial assets and are treated using the accounting policies set out in the section on financial instruments.

Impairment of assets (impairment testing)

IAS 36 requires that property, plant and equipment and intangible assets be tested for impairment if there are indications that an impairment loss may have occurred. Goodwill and other intangible assets with an indefinite useful life or intangible assets not yet available for use are tested for impairment annually.

The recoverability of an asset is assessed by comparing its carrying amount to the higher of its fair value less costs to sell, if there is an active market, and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit and to be received at the end of its useful life. Cash-generating units are identified in line with the group's organisational and business structure as a group of similar assets that generates independent cash inflows from continuing use of the related assets.

Impairment losses on assets used in operations are recognised in profit or loss and classified consistently with the use of the assets generating them. At each reporting date, the group assesses whether there is any indication that an impairment loss recognised in previous years may have decreased. If any such indication exists, the group estimates the recoverable amount of that asset. An impairment loss recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Financial instruments

The group applies IFRS 9 "Financial instruments". This standard provides for a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In this respect, the group classifies financial assets based on the business model it uses for managing them to achieve its business objectives and the contractual cash flow characteristics of the financial asset. Specifically:

- the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect (HTC) model) are measured at amortised cost;
- the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and to sell (HTCS) model) are measured at fair value through other comprehensive income (FVOCI);
- the financial assets held within other business models are measured at fair value through profit or loss (FVTPL).

IFRS 9 has eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Upon first-time adoption of the new standard, the group reclassified its financial assets at 1 January 2018 into the new categories, based on their business model and contractual cash flow characteristics.

It assessed the business models by mapping its financial assets based on how it manages them to achieve its objectives.

When classifying its financial assets into the new IFRS 9 categories, in addition to the business model, the group assessed the contractual cash flows ("SPPI assessment"). It considered whether each asset's contractual cash flow characteristics would allow for its measurement at amortised cost (HTC model) or at FVOCI (HTCS model).

At initial recognition, all financial assets are recognised at cost, which is their fair value plus transaction costs. The group decides how to classify its financial assets after their initial recognition and, where appropriate and permitted, it reclassifies them at each reporting date.

Impairment of financial assets

The group applies the expected credit loss impairment model provided for by IFRS 9 to its financial assets as follows:

- the expected credit losses are measured by multiplying the exposure by the counterparty's probability of default (over the related time horizon) and by a fixed loss given default (LGD) of 60%. To this end, the carrying amount of the exposures has been considered, without applying any discount rate (since it is measured using the same rate, the present value would have been the same);
- the counterparty's probability of default is calculated on the basis of the relevant CDS spread (the 6-month CDS spread has been used for transactions with a time horizon of up to six months) based on the following formula:

$$PD = 1 - e - \text{spread} 60\% \cdot \text{durata}$$

• the time horizon of ECL of current accounts that do not have a fixed maturity has been defined as follows:

o demand current accounts: 1-month horizon (assuming that any counterparty's default issues would be identified within this timeframe and the related cash would be transferred to other institutions);

o project financing current accounts: identification of a "stable" component tied to the project (with the application of the 12-month ECL, if creditworthiness has not significantly deteriorated) and a residual "revolving" component (with an associated time horizon of 3 months).

Derivatives and hedge accounting

The group uses derivatives solely to hedge changes in interest rates of its financial transactions. In accordance with IFRS 9, a derivative may be designated as a hedging instrument only if:

- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship;
- the hedging relationship is expected to be highly effective;
- the effectiveness can be reliably measured;
- the hedging relationship is highly effective during the various reporting periods for which it is designated.

All derivatives are measured at fair value. If they meet hedge accounting requirements, they are treated as follows:

fair value hedges - if a derivative is designated as a hedge of the fair value of an asset or a liability that may affect profit or loss, the fair value gain or loss arising from its subsequent remeasurement is recognised in profit or loss, as is that on the hedged item;

cash flow hedges - if a derivative is designated as a hedge of the cash flows of an asset or a liability or a highly probable future transaction that may affect profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in equity. The cumulative gain or loss is reclassified from equity to profit or loss when the hedged transaction is recognised. The gain or loss associated with a hedging relationship, or a portion thereof, that has become ineffective is recognised in profit or loss when the ineffectiveness is identified.

If a derivative does not qualify for hedge accounting, its fair value gains or losses are immediately recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets

The group derecognises a financial asset (or, when applicable, a part of a financial asset or a part of a group of similar financial assets) when:

- the contractual rights to the cash flows from the financial asset expire;
- it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to remit any cash flows it collects in its entirety to an unrelated third party without material delay;

- it has transferred the contractual rights to receive the cash flows of the financial asset and (a) it has transferred substantially all the risks and rewards of ownership of the financial asset or (b) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets, but it has not retained control thereof.

If the group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards of ownership of a transferred asset and retains control thereof, it continues to recognise the transferred asset to the extent of its continuing involvement. When its continuing involvement takes the form of guaranteeing the transferred asset, the group measures it as the lower of the asset's initial carrying amount and the maximum amount of the consideration received that the group could be required to repay.

When the group's continuing involvement takes the form of a written and/or purchased option (including those settled in cash or similar instruments) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that it may repurchase. However, in the case of a written put option on an asset that is measured at fair value (including cash-settled options or similar provisions), the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

The group removes a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference in the carrying amount is recognised in profit or loss.

Trade receivables and other assets

Trade receivables, which are usually due in the short term, are recognised at the nominal amount shown in the invoice, net of any loss allowance determined using the expected credit loss impairment model provided for by IFRS 9.

This is supplemented by any additional impairment losses recognised as a result of specific doubtful conditions on individual positions when they are identified.

When, based on the payment terms, the trade receivable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest income over the period it accrues.

Trade receivables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand bank and postal accounts and short-term investments in securities made as part of the group's treasury management, readily convertible and subject to an insignificant risk of changes in value. They are stated at their nominal amount.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of transaction costs.

After initial recognition, they are measured at amortised cost.

Any gain or loss on a financial liability is recognised in profit or loss when it is extinguished, in addition to through the amortisation process.

Government grants

The group recognises government grants if there is reasonable assurance it will comply with the conditions attaching to it, and that the grant will be received. Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs which the grants are intended to compensate. If the grants are related to assets, the group recognises the asset and the grant at their nominal amount and systematically recognises the grant in profit or loss over the useful life of the related asset.

If the group receives a non-monetary grant, it recognises the related asset and the grant at fair value and subsequently systematically recognises them in profit or loss over the related asset's useful life. In the case of government loans or other form of similar assistance from governments and similar bodies bearing interest at below-market rates, the benefit of the below-market rate of interest is considered as an additional government grant.

Employee benefits

In accordance with IAS 19, the group measures its Italian post-employment benefits ("TFR") on an actuarial basis, taking into account a series of variables (mortality rate, future salary increase rate, inflation rate, etc.). The amendment to IAS 19 "Employee benefits" requires that any actuarial gains and losses be immediately recognised in other comprehensive income and that the statement of financial position presents the entire amount of the group's net defined benefit obligation. The amendment also provides that changes for the year in the defined benefit obligation should be allocated to three components: current service costs, interest cost, which is calculated by applying an appropriate discount rate to the defined benefit liability's opening balance, and actuarial gains and losses, which arise from the remeasurement of the liabilities and are to be recognised in OCI.

Provisions for risks and charges

Provisions for risks and charges are accrued when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be estimated reliably.

If the group believes that some or all of the expenditure required to settle a provision will be reimbursed by another party (for example, through insurance contracts), the reimbursement is recognised as an asset when, and only when, it is virtually certain that it will be received. In this case, the expense relating to the provision is presented net of the amount recognised for the reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase is recognised as a borrowing cost.

Provisions for risks and charges also include accruals to cover future costs to dismantle power plants at the end of their useful life and to restore land. They are recognised as an increase in the carrying amount of the related asset and are depreciated to the extent of the amount that exceeds the expected proceeds from the sale of recycled materials.

Trade and other liabilities

Trade liabilities are measured at their nominal amount.

When, based on the payment terms, the trade payable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest expense over the period it accrues.

Trade payables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The group classifies a non-current asset or a disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition. Management must be committed to a plan to sell the asset (or disposal group) and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and i) represents a separate major line of business or geographical area of operations; ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or iii) is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss from discontinued operations of the current and prior year is presented in the statement of profit or loss separately from the profit or loss from continuing operations, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale. The resulting post-tax profit or loss is presented separately in the statement of comprehensive income.

While they are classified as held for sale, the group does not depreciate/amortise property, plant and equipment and intangible assets.

STATEMENT OF PROFIT OR LOSS

Revenue and income

Revenue is recognised in accordance with IFRS 15, which requires the following key steps:

- identifying the contract;
- identifying performance obligations;
- determining the transaction price;
- allocating the transaction price to performance obligations;
- recognising revenue when (at a point in time) or as (over time) the entity satisfies a performance obligation.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and its amount can be reliably measured. It is presented net of discounts, bonuses and returns.

Before recognising revenue, the group always checks whether the following requirements are met:

- operating revenue (from the sale of energy), revenue from the sale of property and from the provision of services are recognised when each performance obligation is satisfied, as required by IFRS 15, i.e., when the transfer of the promised goods or services has been

completed and the customer has obtained control thereof. This may occur at a point in time or over time;

- dividends are recognised when the investor's right to their payment arise, which is when they are approved. Dividends from other companies operating in the group's market sector are classified under other operating revenue/costs, since the related equity investments are expected to be held for a long time. Dividends relating to equity investments held solely for financial investment purposes are classified as financial income;
- any gain or loss on the sale of equity investments is recognised when the sale is carried out and the risks and rewards of ownership have been transferred;
- the group's share of profits or losses from equity-accounted investments is recognised for each reporting period/year;
- fair value gains or losses on listed shares held for trading are based on the stock market price at the reporting date.

Revenue is measured at the fair value of the consideration receivable. If the time value of money is material and the collection date can be reliably estimated, the related financing component is recognised as financial income or expense.

Revenue from the feed-in tariff scheme (formerly green certificates)

Revenue from the feed-in tariff scheme (formerly green certificates) accrued by the group's plants for sales to producers or importers of energy from non-renewable sources to traders, the Italian electricity market operator (GME), which acts as a clearing house, or the Italian energy services operator (GSE) is recognised when the certificate matures, which is when the electricity from renewable source is produced.

Financial income and expense

Financial income and expense are recognised on an accruals basis using the effective interest rate.

Costs

Costs and other operating costs are recognised as incurred on an accruals basis and in relation to revenue when they do not generate future economic benefits or such benefits do not qualify for recognition as assets in the statement of financial position.

If, based on the payment terms, a financing component is identified, the consideration is discounted and the difference between the nominal amount and fair value is recognised as a borrowing cost.

Income taxes

Current taxes are calculated for each group company by estimating future taxable profit in accordance with enacted tax rates and regulations, considering any applicable exemptions and tax adjustments.

The group calculates **deferred taxes** using the liability method, based on the reporting-date temporary differences between the assets' and liabilities' tax bases and carrying amounts.

1. Deferred tax liabilities are recognised for all taxable temporary differences, except for:
 - those arising from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

- those associated with equity-accounted investments, when the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
2. Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses and credits can be utilised, taking also into account the group's domestic tax consolidation scheme, with the exceptions of the following deductible temporary differences:
- those arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
 - those associated with equity-accounted investments, in which case the group recognises a deferred tax asset to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. The group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reviewed annually at each reporting date and are recognised to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

For transactions and other events recognised directly in equity, any related tax effects are also recognised outside profit or loss (directly in equity).

Deferred tax assets and liabilities are offset if the group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

IAS 12 provides that when an asset is revalued for tax purposes and that revaluation is related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, the tax effects of both the asset revaluation and the adjustment of the tax base are recognised in other comprehensive income in the periods in which they occur. However, if the revaluation for tax purposes is not related to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, the tax effects of the adjustment of the tax base are recognised in profit or loss.

Value added tax

Revenue, costs and assets are recognised net of VAT, except when:

- the VAT applied to the purchase of goods or services is not deductible, in which case it is treated as being part of the purchase cost of an asset or part of the cost recognised in profit or loss;
- it relates to trade receivables and trade payables that are presented inclusive of VAT.

The net VAT amount to be recovered or settled is presented under trade receivables, if positive, or trade payables, if negative.

Fair value of financial instruments

The fair value of financial instruments listed on an active market is based on their quoted market prices at the reporting date. The fair value of financial instruments not listed on an active market is calculated using valuation techniques, models and assumptions based on the market conditions at the reporting date.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owner of the parent by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the parent during the year.

To calculate diluted earnings per share, the weighted average number of outstanding shares, net of the treasury shares repurchased by the parent during the year, is adjusted for the effects of all dilutive potential ordinary shares (stock options).

The profit or loss for the year is also adjusted for the post-tax effects of the assumed conversion.

2.5 AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2020

Amendment to "References to the Conceptual Framework in IFRS Standards":

The IASB published this amendment on 29 March 2018. The conceptual framework defines the fundamental concepts for financial reporting. The document helps to ensure that the standards are conceptually consistent and that similar transactions are treated equally so as to provide useful information to investors, lenders and other creditors;

Amendments to IAS 1 and IAS 8 - Definition of material:

The IASB published "Definition of material (Amendments to IAS 1 and IAS 8)", which clarify the definition of material to assist entities assess the materiality of the information to be disclosed in the financial statements.

Under the previous definition, an entity could mistakenly understand that any omission could affect the users based on the size of the information disclosed in the financial statements. The new definition clarifies that only omitted information that could reasonably influence users' economic decisions is material.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

The IASB amended IAS 39 and IFRS 9 to allow entities not to discontinue hedge accounting until the interest rate benchmark reform has been completed.

Specifically, the IASB has introduced exceptions to the general hedge accounting model of IAS 39 and IFRS 9 to be applied mandatorily to all hedging relationships that could be affected by the interest rate benchmark reform with respect to the following aspects:

- "Highly probable": an entity shall not consider the potential effects of the interest rate benchmark reform when assessing whether a planned transaction is highly probable;
- "Prospective assessment": the economic relationship between the hedged item and the hedging element shall be determined prospectively without considering the potential effects of the interest rate benchmark reform;
- "Retrospective assessment": (solely applicable for IAS 39): an entity shall not discontinue a hedging relationship if during the uncertain period caused by the interest rate benchmark reform, the retrospective assessment of this hedging relationship falls outside the 80%-125% range.

The group holds variable-rate debt instruments linked to the Euribor, whose cash flows are hedged through interest rate swaps. The directors have assessed the effects that the adoption of this amendment might have on the group's consolidated financial statements. No material effects are expected because, in 2020, FSMA (the reference regulator of its provider, €MMI) found the Euribor compliant with the EU Benchmarks Regulation and, accordingly, there is no uncertainty as to its possible future discontinuation.

Amendments to IFRS 3 - Definition of a business:

In October 2018, the IASB published "Definition of a business (Amendments to IFRS 3)" to facilitate understanding whether a transaction is an acquisition of a business or a group of assets that does not meet the IFRS 3 definition of a business. The amendments clarify that an integrated

set of activities and assets satisfies the definition of a business, even when it does not include all the inputs and processes necessary to create output. The assessment shall be made from the market participant's prospective and, therefore, is not relevant whether:

- before the acquisition, the seller operated the set as a business; or
- the acquirer intends to operate the set as a business after the acquisition.

The acquisition of a business must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments also introduces an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Since the amendments apply to new transactions carried out after 1 January 2020, any effects will be recognised in the consolidated financial statements of the annual period beginning after that date.

The amendments have been applied to acquisitions made after 1 January 2020.

Amendments to IFRS 16 - "Leases COVID-19-related rent concessions":

These amendments introduce a practical expedient that allows the lessee not to consider any COVID-19-related rent concessions received after 1 January 2020 as a modification to the original lease. Therefore, these concessions can be recognised as variable lease payments and not as a lease modification.

The practical expedient only applies to lessees' rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the concession is a direct consequence of the COVID-19 pandemic and any reduction in lease payments affects only payments due on or before 30 June 2021;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- there is no substantive change to other terms and conditions of the lease.

These amendments have not affected the consolidated financial statements as the group's lease payments have not been impacted by the COVID-19 pandemic.

STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE IASB AND ENDORSED WITH AN EFFECTIVE DATE AFTER 1 JANUARY 2020

"Amendments to IFRS 4 - Deferral of effective date of IFRS 9"

These amendments are designed to assist entities implement the new IFRS 17 and facilitate presentation of their financial performance. They are effective for annual periods beginning on or after 1 January 2021;

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform – Phase 2":

These amendments supplement the amendments issued in 2019 and relate to phase 2. They mostly refer to the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate by another alternative benchmark rate (replacement issue). They are designed to assist entities apply the IFRS when changes are made to contractual cash flows or hedging relationships due to interest rate reforms and to provide useful information

for the users of financial statements. They are effective for annual periods beginning on or after 1 January 2021.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The IASB has issued amendments to the following standards:

amendments to IFRS 3 "Reference to the Conceptual Framework": their objective is to (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the standard, (ii) clarify the requirements for the recognition of provisions, contingent liabilities and liabilities for a levy assumed as part of a business combination at the acquisition date, (iii) specify that contingent assets may not be recognised as part of a business combination;

amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use" to establish that proceeds from selling items produced by an asset while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management be recognised in profit or loss with the related costs;

amendments to IAS 37 "Onerous contracts - Cost of fulfilling a contract" to clarify how to determine onerous contracts;

"Annual Improvements to IFRS Standards 2018- 2020" including amendments mostly of a technical and presentation nature of the standards;

IFRS 17 "Insurance contracts" is a new standard that establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. It will replace IFRS 4 "Insurance contracts" issued in 2005 and is applicable to all types of insurance contract, regardless of the type of insurance entity, as well as to certain guarantees and financial instruments with discretionary participation features;

amendments to the classification of assets as current or non-current assets in IAS 1 to provide a more general approach to the classification of liabilities under this standard, based on contractual agreements;

amendments to IAS 1 and IAS 8 to improve accounting policy disclosures so they provide more useful information to investors and other primary users of the financial statements, as well as to assist entities distinguish between changes in accounting estimates from changes in accounting policies.

3. FINANCIAL RISK MANAGEMENT

Management of financial risks is an integral part of the group's management of its operations. It is carried out centrally by the parent, which defines the risk categories and the operating procedures and limits for each type of transaction and/or instrument.

All financial instruments measured at fair value are classified at level 2 as they are priced using the mark-to-model using observable market inputs.

The breakdown of the financial assets and liabilities required by IFRS 7 into the categories set out in IFRS 9 is set out below:

31 December 2020 (€'000)	Note	Recognised in profit or loss	HtC	Other	Total
(A) - Financial assets					
Current financial assets:					
Cash and cash equivalents	15	63	-	147,706	147,769
Loans and other current financial assets	14	5	1,003		1,008
Trade receivables	11		9,113		9,113
Non-current financial assets:					
Loans and other non-current financial assets	10	141	4,358		4,499

31 December 2020 (€'000)	Note	Recognised in profit or loss	Held for trading	At amortised cost	Total
(B) - Financial liabilities					
Current financial liabilities:					
Bank loans and borrowings	22	(5,946)		(80,705)	(86,651)
Current operating lease liabilities				(1,057)	(1,057)
Current finance lease liabilities				(4,702)	(4,702)
Accrued interest on bonds issued	22	-		(3,074)	(3,074)
Derivatives	18	41	(8,573)		(8,532)
Trade payables	23			(8,313)	(8,313)
Non-current financial liabilities:					
Bank loans and borrowings	17	(9,236)		(132,933)	(142,169)
Non-current operating lease liabilities				(19,496)	(19,496)
Non-current finance lease liabilities				(24,625)	(24,625)
Bonds issued	17	(12,907)		(345,730)	(358,637)
Shareholder loans - non-controlling investors	17	(418)		(12,099)	(12,517)
Derivatives	18	31	(6,452)		(6,421)

31 December 2019 (€'000)	Note	Recognised in profit or loss	HtC	Other	Total
(A) - Financial assets					
Current financial assets:					
Cash and cash equivalents	15	4	-	238,348	238,352
Loans and other current financial assets	14	(64)	548		484
Trade receivables	11		4,815		4,815
Non-current financial assets:					
Loans and other non-current financial assets	10	56	4,079		4,135

31 December 2019 (€'000)	Note	Recognised in profit or loss	Held for trading	At amortised cost	Total
(B) - Financial liabilities					
Current financial liabilities:					
Bank loans and borrowings	22	(2,100)		(47,439)	(49,539)
Accrued interest on bonds issued	22	-		(3,074)	(3,074)
Derivatives	18	45	(3,309)		(3,264)
Trade payables	23			(9,819)	(9,819)
Non-current financial liabilities:					
Bank loans and borrowings	(17)				
Bonds issued	17	(6,265)		(345,107)	(351,372)
Shareholder loans - non-controlling investors	17	(169)		(12,035)	(12,204)
Derivatives	18	112	(8,113)		(8,001)

Fair value and calculation models

A breakdown of the fair values of the categories of financial instruments by calculation model used to measure them is provided below:

31 December 2020 (€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
(A) - Financial assets				
Loans and other current financial assets	508	-	-	508
TOTAL ASSETS	508	-	-	508

31 December 2020 (€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
(B) - Financial liabilities				
Bank loans and borrowings	(80,705)	(132,933)		(218,172)
Bonds issued	(3,074)	(345,730)		(394,684)
Derivatives	(8,573)	(6,452)		(15,025)
TOTAL LIABILITIES	(92,352)	(485,115)		(627,881)

Figures as at 31/12/2019 in thousands of euro	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
(A) - Financial assets				
Financial receivables and other financial assets	508	-	-	508
TOTAL ASSETS	508	-	-	508

Figures as at 31/12/2019 in thousands of euro	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
(B) - Financial liabilities				
Payables to banks for loans	(47.439)	(175.174)	(175.174)	(218.172)
Payables to bondholders	(3.074)	(345.107)	(345.107)	(405.237)
Derivative instruments	(3.309)	(8.113)	(8.113)	(11.422)
TOTAL LIABILITIES	(53.822)	(528.394)	(531.514)	(634.831)

The fair value of equity investments recognised at cost has not been calculated since these financial instruments do not have a market price listed on an active market, as required by IFRS 7.

The group measured the fair value of financial liabilities and interest rate swaps using the forward curve for future cash flows and a riskless discount curve + spread derived from the Euribor - swaps spot curve at 31 December 2019 and 31 December 2020. The group applied the discounted cash flow model to calculate the outstanding portion of financial liabilities at the reporting date.

Hedged risks

The group is exposed to the risks specified below in relation to its financial instrument transactions. The board of directors assesses each transaction involving a material amount in advance, regularly checks the group's risk exposure and defines the market risk management policies. The parent operates directly on the market, supervising and coordinating the group companies' financial risks. It focuses on financial counterparties with a high credit standing, while ensuring that concentration of exposure to these counterparties is limited.

Credit risk

The group's financial assets mainly comprise trade receivables arising from the supply of electricity and possibly the sale of equity investments.

Factoring is usually only carried out with well-known and reliable counterparties. The balance of trade receivables is monitored during the year to limit the impact of credit losses. Moreover, these receivables are usually secured by collateral and, in the case of counterparty's default, the maximum risk is equal to the carrying amount of the related asset.

The group's exposure to credit risk is increasingly associated with the sale of electricity. Due to the nature of the market, exposure is strongly concentrated with a few commercial

counterparties of high credit standing, whose positions are periodically monitored for compliance with payment terms.

The following table breaks down trade receivables only, since none of the other financial assets are past due or have been impaired at the reporting date:

31 December 2020 (€'000)							
	Carrying amount	within 4 months	Gross past-due amount			Total past due	Individual impairment losses
			from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	9,063	-	-	-	528	528	(528)
Subsidiaries	50	-	-	-	-	-	-
Trade receivables	9,113	-	-	-	528	528	(528)

31 December 2019 (C'000)							
(C'000)	Carrying amount	within 4 months	Gross past-due amount			Total past due	Individual impairment losses
			from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	4,733	-	-	-	528	528	(528)
Subsidiaries	82	-	-	-	-	-	-
Trade receivables	4,815	-	-	-	528	528	(528)

Liquidity risk

Liquidity risk is the risk that the group may encounter difficulties in finding the financial resources necessary to meet its contractual obligations at market conditions.

It may arise as a result of a lack of available resources to meet financial obligations according to the established terms and deadlines in the event of a sudden withdrawal of non-revolving credit lines or if the group is required to settle its financial liabilities before their natural maturity.

On 10 May 2018, the parent placed a six-year 2018-2024 bond issue for a total of €150 million, bearing interest at the nominal annual fixed rate of 3.75%. Part of the proceeds will be used for future investments. Moreover, on 19 December 2019, it issued the six-year 2019-2025 green bonds for a total of €200 million, bearing interest at the nominal annual fixed rate of 3.125%.

Moreover, the parent has sufficient liquidity and undrawn bank credit lines to meet temporary cash requirements.

The parent manages treasury activities on behalf of the group operating companies. It has agreed project financing facilities on their behalf in order for them to cover the financial requirements of their investment projects in the renewable energy production sector, especially the wind sector. It has also agreed short-term credit lines with leading banks. Furthermore, the parent may grant loans to its investees to support their development plans, in line with its portfolio investment return objectives. These loans are subordinated to the repayment of any non-current bank loans granted under project financing agreements.

Liquidity risk of individual investment projects is managed by maintaining an adequate level of cash and/or short-term securities that can be readily converted to cash, as well as short-term credit lines. The group also has sufficient undrawn bank credit lines to meet temporary cash requirements, make approved investments and cover the potential risk of the group being required to repay non-revolving credit lines, through its centralised treasury management.

The maturity analysis set out below presents estimated future cash flows based on the earliest period in which the group can be required to pay. The underlying assumptions are as follows:

- cash flows are not discounted;
- cash flows are allocated to time bands on the basis of the earliest contractual maturity (worst case scenario);
- all instruments held at the reporting date for which payments have already been contractually designated are included; future commitments planned but not yet recognised in the consolidated financial statements are not included;
- when the amount payable is not fixed (e.g., interest), the cash flows are determined by reference to the conditions existing at the reporting date (forward rates);
- cash flows include both principal and interest accruing up to the maturity of the financial liabilities recognised at the reporting date;
- the cash flows of interest rate derivatives are determined by assuming the related differentials between the fixed and the variable legs; the latter is estimated on the basis of forward rates at the reporting date.

2020 liquidity analysis - (€'000)											
Note		Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
17-22	Bank loans and borrowings	(198,138)	-	(19,523)	(11,101)	(30,102)	(28,847)	(20,009)	(13,183)	(80,634)	(203,399)
17-22	Operating lease liabilities	(20,553)			(1,057)	(1,057)	(1,057)	(1,057)	(1,057)	(19,026)	(24,311)
17-22	Finance lease liabilities	(29,327)		(2,598)	(2,598)	(5,250)	(5,302)	(15,112)		-	(30,860)
17-22	Bonds issued	(348,804)	-	(5,625)	(6,250)	(11,875)	(11,875)	(161,875)	(206,250)	-	(403,750)
17-22	Shareholder loans - non-controlling investors	(12,099)	-	-	-	-	-	-	-	(12,099)	(12,099)
18	Derivatives	(15,025)	-	(5,687)	(2,886)	(1,101)	(946)	(834)	(712)	(2,388)	(14,554)
22	Bank current account facilities	(15,500)	(15,500)	-	-	-	-	-	-	-	(15,500)
23	Trade payables	(8,313)	-	(8,313)	-	-	-	-	-	-	(8,313)
Total		(647,759)	(15,500)	(41,746)	(23,892)	(49,385)	(48,027)	(198,887)	(221,202)	(114,147)	(712,786)

2019 liquidity analysis - (€'000)											
Notes	Instruments	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
17-22	Payables to banks for loans	(207.113)	-	(18.303)	(10.469)	(29.857)	(29.658)	(28.559)	(19.835)	(93.175)	(229.856)
17-22	Debiti per Lease Operativi	(17.232)			(984)	(984)	(984)	(984)	(984)	(12.792)	(17.712)
17-22	Debiti per Lease Finanziari	(34.570)		(2.598)	(2.598)	(5.250)	(5.302)	(5.355)	(12.112)	-	(33.215)
17-22	Payables to bondholders	(348.181)	-	(5.625)	(6.250)	(11.875)	(11.875)	(11.875)	(161.875)	(206.250)	(415.625)
17-22	Loans from minority shareholders	(12.035)	-	-	-	-	-	-	-	(12.035)	(12.035)
18	Derivative instruments	(11.422)	-	(1.316)	(1.742)	(2.944)	(2.181)	(1.486)	(818)	(1.449)	(11.936)
22	Debiti verso banche c/c	(15.500)	(15.500)	-	-	-	-	-	-	-	(15.500)
23	Trade payables	(9.819)	-	(9.819)	-	-	-	-	-	-	(9.819)
Total		(655.872)	(15.500)	(37.661)	(22.043)	(50.910)	(50.000)	(48.259)	(195.624)	(325.701)	(745.698)

At 31 December 2020, approximately 11.4% of the cash outflows required to settle the group's financial liabilities will occur within one year, in line with the prior year end when the percentage of cash outflows was equal to roughly 7.3% of the total cash flows. The group, therefore, deems that this risk does not have a significant impact on its financial position and financial performance.

Interest rate risk

The group is primarily exposed to the risk of fluctuations in interest rates. This arises from its financial liabilities bearing variable interest rates (project financing), which expose the group to variable cash flows linked to the volatility of the Euribor curve.

This risk is managed in order to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group's non-current loans and borrowings.

The use of these instruments is governed by established practices which are in line with the group's risk management strategies.

The group applies hedge accounting when it signs the derivative agreement up to its extinguishment or termination, formally documenting the hedging relationship, the hedged risk and hedging objective. It also assesses the hedging instrument's effectiveness on a regular basis.

Specifically, it applies the requirements for cash flow hedges provided for by IFRS 9. As described in the "Accounting policies" section, the standard requires that the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge be recognised in equity (hedging reserve), offsetting the interest income or expense on the hedged item recognised in profit or loss.

If a group company has entered into hedging derivatives before being acquired by the group, those derivatives are recognised at the acquisition-date fair value, as required by IFRS 3, and the effective portion of the fair value gain or loss to be recognised in equity is measured by deducting the subsequent fair value gain or loss from the acquisition-date fair value (designation).

If a hedging derivative is modified (as a result of changes in the future plans provided for the underlying liability or in the group's hedging objectives), the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The new (modified) transaction generates the recognition of a new reserve, which is measured by deducting the subsequent fair value gain or loss on the derivative's fair value at the modification date.

The fair value of interest rate swaps is measured by discounting cash flows, estimated on the basis of the differential between the contractually established fixed and variable rates. The aim of the effectiveness assessment is to demonstrate the close link between the technical and financial characteristics of the hedged item (maturity, amount, etc.) and those of the hedging instrument by carrying out appropriate retrospective and prospective tests, using the dollar offset and curve shift methods, respectively.

Specifically, these tests are carried out by identifying a hedging derivative which replicates the use and repayment plan of the hedged liability, in relation to both actual and future uses, provided that it is highly probable (updating the figures at each reporting date on the basis of new information available), and bears, with reference to the same maturities, a fixed rate in line with the market rates applicable to the group at the designation date.

Hedge accounting is discontinued when the hedging instrument matures, is terminated or the qualifying criteria are no longer met. From that date, the portion for the year of gain or loss on the hedging instrument accumulated in equity is reclassified to profit or loss, while the remainder will be reclassified as the cash flows of the hedged items affect profit or loss, or they are immediately reclassified to profit or loss if the cash flows of the hedged item are no longer highly probable.

Fair value gains or losses on derivatives that do not qualify for hedge accounting are immediately recognised in profit or loss. All group's derivatives at 31 December 2020 are classified as hedging instruments, although they sometimes generate ineffective portions for the reasons described above (IFRS 3, modifications, smaller use, etc.). The group does not enter into derivatives for trading purposes.

At 31 December 2020, the group's exposure to interest rate risk, mainly arising from bank loans and borrowings and relating to the volatility of the Euribor curve, is limited as a result of the 2018 and 2019 bond issues at a fixed rate of 3.75% and 3.125%, respectively, which are not affected by interest rate volatility.

Commodity price risk

The group is principally exposed to electricity selling price volatility risk, i.e., the risk that changes in this commodity's sales price will affect its future revenue.

its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The group negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the group is to peg the hedged risk component tied to future highly probable electricity sales to set market levels by agreeing commodity swaps.

Specifically, it solely hedges the risk component tied to variations in the benchmark price for the domestic electricity wholesale market (national single price, "PUN"), which is the main source of fluctuations in the selling prices of the electricity generated by the group, compared to the average prices of the areas where its power plants are located (zone prices).

These commodity swaps provide for the monthly exchange of a spread between a fixed and variable price indexed to the average benchmark price (the PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

The individual derivatives traded by the group are designated as hedging instruments and included in the accounting measurement of the hedging relationship's effectiveness in hedging the entire change in fair value generated thereby.

If a hedging derivative is modified (as a result of changes in the future plans provided for the underlying liability or in the group's hedging objectives), the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. The new (modified) transaction generates the recognition of a new reserve, which is measured by deducting the subsequent fair value gain or loss on the derivative's fair value at the modification date.

The commodity swap's fair value is obtained by discounting the cash flows, calculated as the spread between the fixed and variable prices indexed to the average benchmark price (the PUN) of the reference month, applied to a set monthly volume of electricity (notional amount).

Measurement of the hedge effectiveness is designed to show the high economic correlation between the technical and financial characteristics of the hedged liabilities and those of the hedging instrument (i.e., quantity, due date, benchmark price) and is measured prospectively on a qualitative basis at each designation date over the hedging horizon.

During the procedure to designate a hedging relationship, the group checks that a total volume of hedging instruments in excess of the expected sales volumes based on the forecast generation by the group's production assets is not designated and that the effectiveness requirements provided for by IFRS 9 are met and specifically:

- existence of an economic relationship between the hedging instrument and the hedged item: the relevant contractual terms (quantity, deadline and benchmark price) of the designated hedging derivatives are substantially aligned with those of the hedged future sales;
- the effects of credit risk do not dominate the changes in the underlying fair value: the group currently negotiates hedging derivatives with a major player in the energy market and with timelines of not more than one year; therefore, the effects of credit risk can reasonably be assumed not to dominate the changes in fair value hedged by the hedging relationships designated as such;
- the hedge ratio subject to hedge accounting designation is in line with that considered for risk management: the current risk management practices include a steady hedge ratio of 1:1, given the lack of valuations based on statistical regression factors.

Once a quarter, the group monitors the effective energy volumes generated and sold and checks they comply with the previously hedged volumes designated as hedges to provide a qualitative demonstration of the prospective effectiveness of the designated hedging relationships and the reliability of the purchase forecasts being hedged.

Sensitivity analysis

When preparing the consolidated financial statements, the group carried out a sensitivity analysis of its financial instruments exposed to interest rate risk. At 31 December 2020, short and medium-term interest rates, at three months and six months respectively, were negative at below zero bps. Therefore, the group considered it appropriate to use an asymmetric sensitivity analysis using a change in interest rates of +100/-25 bps to reflect the current market conditions.

The underlying assumptions are as follows:

- interest on current account and borrowings and loans from non-controlling investors is recalculated by applying a change of -100/-25 bps multiplied by the carrying amounts and for an interval equal to the year;
- interest on loans and borrowings with repayment plans is recalculated by applying a change of +100/-25 bps to the financial liability's interest rate at each re-fixing date, multiplied by the residual principal of the year;
- the change in the fair value of interest rate swaps at the reporting date is calculated by applying a change of +100/-25 bps to the Euribor-swap curve at the date of preparation of the consolidated financial statements. The ineffective portion of cash flow hedges is calculated on the basis of ineffectiveness identified at the reporting date. Settlement of the differentials of the derivative at each date of calculation of the underlying interest rate was also considered.

31 December 2020 (€'000)	Profit or loss		Equity	
	+ 100bp Euribor	-25bp Euribor	+ 100bp Euribor	-25bp Euribor
Bank loans and borrowings	(1,981)	495		
Bonds issued	(3,488)	872		
Shareholder loans - non-controlling investors	(121)	30		
Derivatives	(210)	22	(2,505)	(8,509)
Bank current account deposits	1,477	(369)		
Bank current account facilities	(155)	39		
Total	(4,478)	1,089	(2,505)	(8,509)

31 December 2019 (€'000)	Profit or loss		Equity	
	+ 100bp Euribor	-25bp Euribor	+ 100bp Euribor	-25bp Euribor
Bank loans and borrowings	(2,071)	518		
Bonds issued	(3,482)	870		
Shareholder loans - non-controlling investors	(120)	30		
Derivatives	88	(22)	5,754	(1,439)
Bank current account deposits	-	-		
Bank current account facilities	(155)	39		
Total	(5,740)	1,435	5,754	(1,439)

Derivatives: cash flow hedges

As mentioned in the interest rate risk and commodity price risk sections, the group enters into:

- interest rate swaps to hedge interest rate risk on bank loans and borrowings, thereby converting most of these financial liabilities' interest rates from variable to fixed:
- commodity swaps to hedge the risk of electricity selling price volatility, with the monthly swap of a spread between a fixed and variable price indexed to the average benchmark price (PUN) of the reference month, applied to a specific monthly volume of electricity (notional amount).

At 31 December 2020, the group's derivatives qualifying for hedge accounting are as follows:

Counterparty (*) 31 December 2020 (€'000)	Notional	Fair value at 31 December 2020	Inception date	Effective date	Termination date	Fixed rate	Variable rate
GE Capital (Ortona)	23,357	(2,892)	24 April 2008	30 April 2008	30 June 2025	4.84%	6M Euribor
Monte dei Paschi di Siena (Callari)	13,758	(1,479)	24 June 2008	1 July 2008	31 December 2023	4.85%	6M Euribor
Banco BPM (Campidano)	9,601	(57)	15 November 2019	19 November 2019	31 December 2023	-0.17%	6M Euribor
Unicredit (Green Energy Sardegna)	20,079	(2,348)	30 October 2018	31 December 2018	29 June 2035	1.23%	6M Euribor
Banco BPM (Campidano) #2	7,201	(44)	17 January 2020	31 December 2019	31 December 2023	-0.16%	6M Euribor
Unicredit (Eolica PM)	33,853	(3,646)	21 December 2018	21 December 2018	29 June 2035	1.11%	6M Euribor
Sabadell (Teruel)	1,271	(1)	26 June 2019	26 June 2019	30 June 2021	0.21%	6M Euribor
Sabadell (Comiolicca)	13,419	(211)	26 June 2019	26 June 2019	30 June 2026	0.44%	6M Euribor
Unicredit (Grottolo)	13,734	(144)	24 November 2017	31 December 2019	30 June 2023	0.19%	6M Euribor
Unicredit (Fri-el Albareto)	13,797	(1,310)	15 February 2019	28 June 2019	29 June 2035	0.95%	6M Euribor
Interest rate swaps	150,070	(12,132)					

Counterparty (*) 31 December 2020 (€'000)	Notional (MW)	Fair value at 31 December 2020	Inception date	Effective date	Termination date	Fixed price	Variable price
Commodity derivatives							
DXT Commodities (Alerion Cleanpower) (**)	750	(2,893)	17/21 Dec. 2020	1 January 2021	31 December 2021	53.30	National single price (PUN)
Derivatives relating to investments in consolidated companies		(15,025)					

Counterparty (*) 31 December 2020 (€'000)	Notional	Fair value at 31 December 2020	Inception date	Effective date	Termination date	Fixed rate	Variable rate
Unicredit (Andromeda)	6,136	(114)	21 June 2016	30 December 2016	31 December 2024	0.31%	6M Euribor
Unicredit (Guardionara)	4,179	(53)	6 July 2016	30 December 2016	30 June 2024	0.12%	6M Euribor
B.I.I.S. (New Green Molise)	15,058	(1,518)	12 May 2010	31 December 2010	30 June 2025	3.50%	6M Euribor
Derivatives relating to equity-accounted investments	25,373	(1,685)					

(*) When the financing is granted by a bank syndicate, the "counterparty" identifies the agent bank.

(**) Alerion Clean Power S.p.A. has agreed seven commodity swaps with DXT Commodities SA. The fixed price shown above is the average of the fixed prices for the seven contracts.

The reporting-date fair value of the consolidated companies' interest rate swaps is €12,132 thousand (€11,422 thousand at 31 December 2019).

The reporting-date fair value of the commodity swaps relating to investments in consolidated companies is an estimated €2,893 thousand (nil at 31 December 2019 as the swaps were agreed in December 2020).

The group's post-tax hedging reserve amounts to €10,114 thousand and €9,066 thousand at 31 December 2019 and 2020, respectively.

	Hedging reserve at 31.12.2020	Hedging reserve at 31.12.2019	Changes in hedging reserve	
			IRS differential settlement	Net fair value loss
GE Capital (Ordonà)	-	(3,632)	1,273	2,359
Monte dei Paschi di Siena (Callari)	-	(2,276)	934	1,342
Banco BPM (Fri-el Campidano)	(57)	(19)	20	(58)
Banco BPM (Fri-el Campidano # 2)	(44)	-	-	(44)
Unicredit (Green Energy Sardegna)	(2,347)	(1,736)	325	(936)
(*) B.I.I.S. (New Green Molise)	(1,518)	(2,035)	675	(158)
Unicredit (Eolica PM)	(3,646)	(2,576)	505	(1,575)
Sabadel (Alerion Teruel)	(1)	(7)	3	3
Sabadel (Comiolica)	(211)	(163)	30	(78)
Unicredit (Grottale)	(52)	-	89	(141)
DXT Commodities (Alerion Cleanpower)	(2,893)	-	-	(2,893)
Unicredit (Fri-el Albareto)	(1,310)	(864)	183	(629)
Pre-tax hedging reserve	(12,079)	(13,308)	4,037	(2,808)
Deferred tax liabilities	3,013	3,194	(969)	788
Net hedging reserve	(9,066)	(10,114)	3,068	(2,020)
Hedging reserve - Group	(12,079)	(12,793)	3,936	(2,493)
Net hedging reserve - Group	(9,066)	(9,740)	3,001	(1,812)

(*) equity investments measured using the equity method as per IFRS 11

The €1,048 thousand decrease in 2020 negatively impacted equity and was attributable to settlement of the IRS coupons during the year, the change in the consolidation scope, the reclassification of the hedging relationships of Ordonà and Callari to profit or loss after they exercised the option to prepay the underlying loans, as well as the substantially unchanged rate curve at the minimum levels used to measure the fair value of derivatives at 31 December 2019 and the recognition of the fair value gains for the commodity swap hedging electricity selling prices.

Unhedged financial assets and liabilities

The group has not hedged the following types of financial instruments:

- financial liabilities used to fund the group's operating activities, mostly consisting of the four Bulgarian companies' (Krupen entities) liabilities with DEG (the German Development Finance Institution) of €1,923 thousand;
- demand and short-term bank deposits (with a maximum maturity of three months), used to temporarily invest liquidity.

4. CONSOLIDATION SCOPE

The consolidation scope at 31 December 2020 is detailed below:

☐	Registered office	Share/quota capital ('000)	Investment %		Indirect investor
			Direct	Indirect	
Consolidated subsidiaries					
- Alerion Cleanpower S.p.A.	Milan - Viale Majno 17	161,137	-		
- Alerion Real Estate S.r.l. in liquidation	Milan - Viale Majno 17	90	100.00		
- Alerion Servizi Tecnici e Sviluppo S.r.l.	Milan - Viale Majno 17	100	100.00		
- Alerion Bioenergy S.r.l. in liquidation	Milan - Viale Majno 17	19	100.00		
- Fri-eI Albareto S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Eolica PMS.r.l.	Bolzano - Piazza del Grano 3	20	100.00		
- Green Energy Sardegna S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Alerion Spain S.L.	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	100	51.00		
- Alerion Teruel	Barcelona - Carrer Car Ràbia 3-5, 4ª planta	10		100.00	Alerion Spain S.L.
- Comiolica	Zaragoza - Paseo de la Independencia 27, 5, 50001	2,500		100.00	Alerion Teruel S.L.
- Alerion Iberia SL	Zaragoza - Paseo de la Independencia 27, 5, 50001	50	100.00		
- Fri-el Ichnusa S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Fri-el Campidano S.r.l.	Bolzano - Piazza del Grano 3	100		100	- Fri-el Ichnusa S.r.l.
- Fri-el Nulvi Holding S.r.l.	Bolzano - Piazza del Grano 3	3,000	90.00		
- Fri-El Anglona S.r.l.	Bolzano - Piazza del Grano 3	100		100.00	FRI-EL NULVI HOLDING S.r.l.
- FW Holding S.r.l.	Bolzano - Piazza del Grano 3	100	100.00		
- Fri-el Basento S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW HOLDING S.r.l.
- Fri-el Ricigliano S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	FW HOLDING S.r.l.
- Fri-el Grottole S.r.l.	Bolzano - Piazza del Grano 3	50		100.00	FRI-EL BASENTO S.r.l.
- Anemos wind S.r.l.	Milan - Viale Majno 17	100	100.00		
- Ordonà Energia S.r.l.	Milan - Viale Majno 17	435	100.00		
- Callari S.r.l.	Milan - Viale Majno 17	1,000	100.00		
- Minerva S.r.l.	Milan - Viale Majno 17	14	100.00		
- Eolo S.r.l.	Milan - Viale Majno 17	750	100.00		
- Licodia Eubea wind farm S.r.l.	Milan - Viale Majno 17	100	80.00		
- Dotto S.r.l.	Milan - Viale Majno 17	10	100.00		
- Wind Power Sud S.r.l	Milan - Viale Majno 17	10	100.00		
- Energes Biccari S.r.l. in liquidation	Milan - Viale Majno 17	100		75.00	Alerion Servizi Tecnici e
- Renergy San Marco S.r.l.	Milan - Viale Majno 17	108	100.00		
- Krupen Wind S.r.l.	Milan - Viale Majno 17	10	100.00		
- Enernac S.r.l.	Milan - Viale Majno 17	40		100.00	Alerion Servizi Tecnici e
- Auseu-Borod Wind Farm S.r.l. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	0.2 RON		100.00	Alerion Romania S.A.
- Alerion Romania S.A. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	100 RON	95.00		Alerion Cleanpower S.p.A.
				5.00	Alerion Bioenergy S.r.l. in liquidation
- Draghiescu Partners S.r.l.	Oras Bragadiru, strada PRIMAVERII, nr.13D, Camera 5, Judet Ilfov	300 RON	100.00		
- Alerion Bulgaria OOD	Sofia - 6th Septemvri Str., 6A, Sredetz Region	50 LEV	92.50		
- Wind Energy EOOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.4 LEV		51.00	Krupen Wind S.r.l.
- Wind Stream EOOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Wind Systems EOOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Wind Power 2 EOOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	2.3 LEV		51.00	Krupen Wind S.r.l.
- Naonis Wind S.r.l.	Milan - Viale Majno 17	10	100.00		
Equity-accounted investees					
- Ecoenergia Campania S.r.l.	Cervinara (AV) - Via Cardito, 14	100	50.00		
- New Green Molise S.r.l.	Napoli - Via Diocleziano, 107	10	50.00		
- Andromeda Wind S.r.l	Bolzano - Piazza del Grano 3	10	49.00		
- Fri-El Guardionara S.r.l.	Bolzano - Piazza del Grano 3	10	49.00		
- Fri-El Anzi Holding S.r.l.	Bolzano - Piazza del Grano 3	10	49.00		
- Fri-El Anzi S.r.l.	Bolzano - Piazza del Grano 3	10		100.00	- Fri-El Anzi Holding S.r.l.
- Giava Uno S.r.l. in liquidation	Milan - Via Donizetti 1	1,600	31.00		
- S.C. Compania Eoliana S.A.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	501 RON	49.75		
- Jimbolia Wind Farm S.r.l.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	1 RON		49.25	S.C. Compania Eoliana S.A.

The changes in the consolidation scope are due to the following:

- (i) the acquisition of 100% of FW Holding S.r.l. ("FW"), which owns two operating wind farms with total installed capacity of 90 MW located in the municipalities of Ricigliano (SA) and Grottole (MT) and of 90% of Fri-El Nulvi Holding S.r.l. ("Nulvi"), owner of an operating wind farm with total installed capacity of 29.75 MW located in the municipalities of Nulvi e Tergu (SS);
- (ii) the incorporation of Alerion Iberia S.L. by the parent on 29 April 2020 with a share capital of €50 thousand and domiciled at Calle Angli 31, 3º 2º, Barcelona;
- (iii) the acquisition of 100% of Naonis Wind S.r.l. on 22 October 2020 by the parent; the subsidiary has a permit to build a wind farm in the municipality of Cerignola (Puglia), construction of which is scheduled to start in the first half of 2021. It will have a capacity of 12.6 MW and an expected annual output of approximately 26 GWh;
- (iv) the parent's acquisition of FGP's 49% investments in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which respectively own three wind farms with total installed capacity of 66.65 MW on 15 December 2020.

NON-CURRENT ASSETS

5. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

	Licences and concessions	Development costs	Patents and intellectual property rights	Other intangible assets	Assets under development	Total
(€'000)						
Carrying amount at 01.01.2019	78,659	4,409	29	79	-	83,176
Gross carrying amount						
Business combinations	67,839	-	217	1,966	-	70,022
Increases	920	6,409	54	-	-	7,383
Decreases	(1,805)	-	(12)	(479)	-	(2,296)
Total change in gross carrying amount	66,954	6,409	259	1,487	-	75,109
Accumulated amortisation						
Change in consolidation scope	(2,407)	(13)	(3)	(1,950)	-	(4,373)
Amortisation	(5,458)	(359)	(21)	(44)	-	(5,882)
Elimination of acc. amortisation of transferred assets	-	-	12	462	-	474
Total change in accumulated amortisation	(7,865)	(372)	(12)	(1,532)	-	(9,781)
Gross carrying amount at 31.12.2019	178,394	13,707	493	1,893	-	194,487
Accumulated amortisation	(40,646)	(3,261)	(217)	(1,859)	-	(45,983)
Carrying amount at 01.01.2020	137,748	10,446	276	34	-	148,504
Gross carrying amount						
Change in consolidation scope	1,496	34	-	2	1,043	2,575
Business combinations	57,161	-	-	714	-	57,875
Increases	48	538	19	-	571	1,176
Decreases	-	(2)	-	(1)	-	(3)
Reversals of impairment losses	990	-	-	-	-	-
Total change in gross carrying amount	59,695	570	19	715	1,614	61,623
Accumulated amortisation						
Change in consolidation scope	(910)	(34)	1	(9)	-	(952)
Business combinations	-	-	-	(714)	-	(714)
Amortisation	(10,756)	(496)	(85)	(15)	-	(11,352)
Elimination of acc. amortisation of transferred assets	-	-	-	1	-	1
Other reclassifications (to property, plant and equipment)	-	-	-	-	-	-
Total change in accumulated amortisation	(11,666)	(530)	(84)	(737)	-	(13,017)
Gross carrying amount at 31.12.2020	238,089	14,277	512	2,608	1,614	257,100
Accumulated amortisation	(52,312)	(3,791)	(301)	(2,596)	-	(59,000)
Carrying amount at 31.12.2020	185,777	10,486	211	12	1,614	198,100

Licences and concessions amount to €185,777 thousand (€137,748 thousand at 31 December 2019) and relate to permits and concessions to operate wind farms, obtained through the acquisition of equity investments in special-purpose entities.

The pre-amortisation increase of €59,695 thousand is due to the change in the consolidation scope and the concurrent allocation of the difference between the consideration transferred in the acquisition and the fair value of the net assets acquired to this caption, as a result of the consolidation of the wind farms acquired during the year. Specifically:

- the 54 MW Grottole wind farm (FW Holding S.r.l.) increased the caption by €44,020 thousand;
- the 36 MW Ricigliano wind farm (FW Holding S.r.l.) increased the caption by €12,928 thousand.

Development costs amount to €10,486 thousand (€10,446 thousand at 31 December 2019) and mainly relate to costs incurred in connection with feasibility and design studies, anemometric analyses and other costs relating to wind power projects under development and implementation. The group has capitalised these costs in accordance with IAS 38 and it will commence amortising them when the related plant enters production over the useful life of the relevant project.

6. IMPAIRMENT TESTING OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

As required by IAS 36, the group tested its property, plant and equipment and intangible assets with a finite useful life for impairment. The board of directors approved the test on 11 March 2021. The test was aimed at checking whether the reporting-date carrying amount of these assets, and especially intangible assets, exceeded their recoverable amount. The group tested net intangible assets with a carrying amount of €104,999 million and net property, plant and equipment with a carrying amount of €353,568 million relating to the identified CGUs.

(€'000)	31 December 2020	Recoverable amount	Impairment loss
Intangible assets with a finite useful life	198,100	104,999	93,101
Property, plant and equipment	455,637	353,568	102,069
Total	653,737	458,567	195,170

The CGUs' carrying amounts tested for impairment are set out below:

CGUs - plants	Company	Carrying amount after impairment test
Albanella	Eolo S.r.l.	4,421
Ciorlano	Dotto S.r.l.	13,092
Monte Petrasi	Wps S.r.l.	37,577
Callari	Callari S.r.l.	29,529
Ortona	Ortona S.r.l.	24,422
Castel di Lucio	Minerva S.r.l.	23,828
Licodia Eubea	P. E. Licodia S.r.l.	25,282
Renergy San Marco	Renergy San Marco S.r.l.	28,977
Eolica PM	Eolica PM S.r.l.	73,320
Regalbuto	Anemos wind S.r.l.	38,609
Campidano	Friel Campidano S.r.l.	31,289
Green Energy Sardegna	Green Energy Sardegna S.r.l.	40,411
Albareto	Fri-el Albareto S.r.l.	29,415
Comiolica	Comiolica S.L.	48,734
Krupen	Krupen	9,661
Total		458,567
CGUs - Non-consolidated plants		
Lacedonia	Ecoenergia S.r.l.	4,380
San Martino in Pensilis	New Green Molise S.r.l.	30,861
Total		35,241

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. If there is any indication of impairment, the group estimates the recoverable amount of the asset.

When assessing the existence of an indication of impairment, the group considers information from both internal and external sources. With reference to the individual CGUs identified, potential impairment indicators have been identified as medium/long-term price scenarios. Moreover, the parent's net assets' carrying amount exceeding its market capitalisation at the reporting date was considered as an impairment indicator.

The group estimated those assets' recoverable amounts on the basis of their economic value, considering their future cash flows. The cash flows are estimated for each asset or the cash-generating unit to which the assets are allocated.

On the basis of the group's strategic and organisational decisions, in testing these assets, the group made reference to the individual projects/plants, each of which is identifiable with a company. These companies represent the smallest identifiable cash-generating units, as the assets tested for impairment are not able to generate cash inflows independently of those arising from other assets or groups of assets held by the individual companies.

Impairment testing did not include assets relating to the operating companies Fri-el Grottole S.r.l., Fri-El Ricigliano S.r.l. and Fri-el Anglona S.r.l., which were acquired by the group during the year. Indeed, the group measured their acquisition-date fair value when they were consolidated for the first time and no indicators of impairment emerged.

The group estimated the economic value of the assets of the various operating companies using a cash flow plan determined according to the assets' expected useful life.

Given the particular type of business, which involves investments with returns over the medium term and cash flows over a long-term time horizon, the plan period exceeds five years. In particular, in order to determine the recoverable amount of the wind farms, the group discounted the operating cash flows - which take account of investment levels suitable for maintaining the operational efficiency of the plants - to present value on the basis of the term of the various projects' concessions, on average 29 years after the start of production.

The cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of individual farms;
- expected selling prices extrapolated from market projections for the electricity price curve. With regard to the feed-in tariffs, however, the group made reference to the sector regulatory requirements;
- production costs deriving from historical analyses or standard costs of comparable projects;
- investments to ensure the normal operation of plants (refitting) assumed on the basis of internal estimates;
- terminal value: the sale price estimated by discounting net cash flows after the explicit period of 20 years, reduced by 20%.

The operating companies' individual plans were approved by the relevant sole director or board of directors, as the case may be.

The group discounted the resulting post-tax cash flows at a rate reflecting the weighted average cost of capital (WACC) invested. This rate was 4.52% for CGUs in Italy (4.84% at 31 December 2019) and 4.22% for CGUs in Spain (4.53% at 31 December 2019), also calculated net of tax.

As a result of the impairment testing, the group reversed pre-tax impairment losses of €190 thousand and €800 thousand on the Albanella and Ciorlano wind farms, respectively, at the reporting date.

Sensitivity analysis

Impairment testing is based on information currently available and reasonable estimates of, inter alia, trends in wind, electricity prices, production costs and interest rates. In this context, the group performed a sensitivity analysis of the recoverable amount of the various CGUs, assuming a reduction in electricity selling prices and an increase in the discount rate. In particular, with regard to the volatility of electricity prices which has characterised the electricity market in recent years, the following sensitivity analyses were carried out with regard to the "base case", with electricity prices 5% lower and a discount rate 0.5 percentage points higher.

Specifically:

- in the event of a 5% reduction in electricity prices over the plan period, the carrying amount of these assets would not change;
- in the event of a 0.5 percentage point increase in the discount rate, the carrying amount of the assets would not change.

The directors carefully monitor the above variables which are external and cannot be controlled to promptly identify any adjustments to the estimates of recoverability of the carrying amounts of these assets.

The group based its assessment of the recoverable amount of non-current assets on the most recent budgets and business plans, whose underlying internal and market assumptions defined considering the ongoing public health emergency. However, the sensitivity analyses consider the negative impact of the Covid-19 pandemic on the economy, especially a reduction in energy prices in the short term or an increase in the discount rate (WACC). This scenario, still permeated by a high degree of estimation uncertainty, would not lead to worse results than those envisaged in the above sensitivity analyses. In any case, a reduction in electricity prices would be partially offset in the following year by an increase in the feed-in tariff paid by the Italian energy services operator, where applicable, due to the construction of the relevant formula.

7. BUSINESS COMBINATIONS

Acquisition of the FW HOLDING Group

On 27 February 2020, Alerion approved and completed the acquisition of 100% of FW, which owns two operating wind farms with total installed capacity of 90 MW in the municipalities of Ricigliano (SA) and Grottole (MT) (the "FW acquisition"). The transaction involved Alerion's acquisition of the 50% investments held by both Winco Energreen S.p.A. ("Winco") and Fri-El in FW.

Alerion paid roughly €70 million to acquire FW and around €19.8 million for Nulvi. It financed the acquisition by issuing 2019-2025 green bonds with a nominal amount of €200 million subscribed on 12 December 2019.

Alerion paid the consideration for the quotas and to settle the loans that the vendors had granted to the former investees in full to the vendors when the related contracts were signed, without adjusting the price for changes in the investees' net financial positions or the occurrence of significant events that affected the acquirees' fair values at the signing date.

The business combination has been recognised on a definitive basis after the group completed its estimates and measurement of the assets acquired and liabilities assumed.

Entities participating in the business combination

The entities participating in the transaction are Alerion, as the acquirer, and FW, which owns two wind farms with total installed capacity of 90 MW located in the municipality of Ricigliano (SA), as the holding company of the acquired group. After the acquisition, the Alerion Group obtained control over FW, Fri-El Basento S.r.l., Fri-El Ricigliano S.r.l. and Fri-El Grottole S.r.l., acquiring the following percentages:

☐	Quota capital (€'000)	Investment (%)	Indirect investor
FW Holding S.r.l.	100	100%	Alerion Clean Power S.p.A.
FRI-EL Basento S.r.l.	10	100%	FW Holding S.r.l.
FRI-EL Grottole S.r.l.	50	100%	FRI-EL Basento S.r.l.
FRI-EL Ricigliano S.r.l.	10	100%	FW Holding S.r.l.

Consideration transferred in the business combination

The consideration transferred in the business combination totals €70,000 thousand and is detailed below:

Equity investment acquired	(70,000)
Loans with the vendor	0
Consideration transferred	(70,000)
Consideration transferred	(70,000)
<i>Consideration paid on 27 November 2020</i>	<i>(70,000)</i>
<i>Cash and cash equivalents at the acquisition date</i>	<i>11,186</i>

Allocation of assets acquired and liabilities assumed identified in the business combination

The acquisition-date fair value of the above assets and liabilities is as follows:

	Net assets at the acquisition date	Allocated fair value at the acquisition date	Fair value of net assets acquired
Net assets at the date of acquisition of control			
Intangible assets - concessions	213	56,948	57,161
Property, plant and equipment	43,059	0	43,059
Trade receivables and other assets	9,530	0	9,530
Current financial assets	12,189	0	12,189
Deferred tax assets	1,677	0	1,677
Cash and cash equivalents	11,186	0	11,186
Deferred tax liabilities	(1,024)	(15,194)	(16,218)
Provision for risks	(668)	0	(668)
Quotaholder loans	0	0	0
Bank loans and borrowings	(26,142)	0	(26,142)
Trade payables	(950)	0	(950)
Other current and non-current financial liabilities	(20,824)	0	(20,824)
Non-controlling interests	-	-	-
Fair value of acquired net assets	28,246	41,754	70,000

The group also recognised deferred tax assets and liabilities in relation to each asset or liability provisionally recognised at fair value.

Since the acquisition of control over FW was completed around the start of 2020, the acquiree contributed to the group's consolidated profit or loss for the entire year.

As noted earlier, the fair value of the net assets acquired has been determined on a definitive basis. The acquiree's statement of profit or loss figures calculated as if the acquisition had taken place on 1 January 2020 are provided below:

(€'000)	2020
Revenue	17,488
Personnel expenses	0
Other operating costs	(4,533)
Operating costs	(4,533)
Gross operating profit	12,955
Amortisation, depreciation and impairment losses	(6,654)
Operating profit	6,301
Net financial expense	(525)
Profit before tax	5,776
Income taxes	4,078
Profit for the year	9,854
Profit attributable to the owners of the parent	9,854

Acquisition of Nulvi in a common control transaction

Again on 27 February 2020, Alerion also approved and completed the acquisition of 90% of Nulvi, which owns an operating wind farm with installed capacity of 29.75 WM located in the municipalities of Nulvi and Tergu (SS). Specifically, Alerion acquired 60% from Fri-El and 30% from BBL S.r.l..

Being a related party transaction, the acquisition required the approval of the parent's related party transaction committee, which approved it on the basis of a number of factors including its

economic substance and a fairness opinion issued by an independent expert on 27 February 2020.

Entities participating in the common control transaction

The entities participating in the transaction are Alerion, as the acquirer, and Nulvi, which held 100% of Fri-El Anglona S.r.l..

□	Quota capital (€'000)	Investment (%)	Indirect investor
Fri-El Nulvi Holding S.r.l.	100	90%	Alerion Clean Power S.p.A.
Fri-el Anglona S.r.l..	10	100%	Fri-El Nulvi Holding S.r.l.

Consideration transferred in the common control transaction

The consideration transferred totals €19,800 thousand and was paid in full to the sellers when the related contracts were signed. It may be broken down as follows:

Equity investment acquired	(19,800)
Loans with the vendor	0
Consideration transferred	(19,800)
Consideration transferred	(19,800)
<i>Consideration paid on 27 November 2020</i>	<i>(19,800)</i>
<i>Cash and cash equivalents at the acquisition date</i>	<i>5,382</i>

The transaction is an acquisition under common control and was recognised using the carrying amounts recognised in the consolidated financial statements of the parent Fi-El Green Power S.p.A. at the acquisition date. The difference of €16,660 thousand between the consideration transferred and the net assets acquired was directly offset against equity.

Allocation of assets acquired and liabilities assumed

The acquisition-date fair value of the above assets and liabilities is as follows:

(€'000)

	Net assets at the acquisition date	Allocated fair value at the acquisition date	Fair value of net assets acquired
Net assets at the date of acquisition of control			
Intangible assets - concessions	106	0	106
Property, plant and equipment	17,612	0	17,612
Trade receivables and other assets	2,482	0	2,482
Current financial assets	0	0	0
Deferred tax assets	197	0	197
Cash and cash equivalents	5,369	0	5,369
Deferred tax liabilities	(100)	0	(100)
Provision for risks	(409)	0	(409)
Quotaholder loans	0	0	0
Bank loans and borrowings	(4,645)	0	(4,645)
Trade payables	(3,952)	0	(3,952)
Other current and non-current financial liabilities	0	0	0
Fair value of acquired net assets	16,660	(19,800)	16,660
Non-controlling interests	(1,666)	0	0
Consideration transferred	(19,800)		

As Alerion acquired control over Nulvi at the beginning of the year, the acquiree contributed to the group's consolidated profit or loss for the entire year.

The acquiree's statement of profit or loss figures included in these consolidated financial statements starting from 1 January 2020 are as follows:

(€'000)	2020
Revenue	6,812
Personnel expenses	0
Other operating costs	(1,557)
Operating costs	(1,557)
Gross operating profit	5,255
Amortisation, depreciation and impairment losses	(1,314)
Operating profit	3,941
Net financial expense	(259)
Profit before tax	3,682
Income taxes	602
Profit for the year	4,284
Profit attributable to non-controlling interests	0
Profit attributable to the owners of the parent	4,284

8. PROPERTY, PLANT AND EQUIPMENT

(€'000)	Land	Buildings	Plant and equipment	Other assets	Assets under construction	Total
Carrying amount at 01.01.2019	13,651	1,070	177,257	207	98,611	290,796
Gross carrying amount						
Change in consolidation scope	1,323	-	148,062	-	-	149,385
Other reclassifications	-	-	98,570	-	(98,570)	-
Increases for IFRS 16	4,727	-	40,860	81	-	45,668
Increases	117	-	19,137	124	-	19,378
Decreases	-	-	(94)	(35)	-	(129)
Total change in gross carrying amount	6,167	-	306,535	170	(98,570)	214,302
Accumulated depreciation						
Change in consolidation scope	-	-	(71,322)	(62)	-	(71,384)
Depreciation	(1,001)	(122)	(17,218)	(147)	-	(18,488)
Elimination of acc. depreciation of transferred assets	-	-	99	-	-	99
Total change in accumulated depreciation	(1,001)	(122)	(88,441)	(209)	-	(89,773)
Gross carrying amount at 31.12.2019	19,818	1,075	650,876	1,210	41	673,020
Accumulated depreciation	(1,001)	(127)	(255,525)	(1,042)	-	(257,695)
Carrying amount at 01.01.2020	18,817	948	395,351	168	41	415,325
Gross carrying amount						
Change in consolidation scope	1,165	-	39,675	16	-	40,856
Business combinations	2,556	-	120,480	32	-	123,068
Other reclassifications	-	-	(161)	161	-	-
Increases/decreases for IFRS 16	2,647	(466)	26	(235)	-	1,972
Increases	-	-	2,143	91	1,086	3,320
Decreases	(1)	-	(1,835)	(66)	-	(1,902)
Total change in gross carrying amount	6,367	(466)	160,328	(1)	1,086	167,314
Accumulated depreciation						
Change in consolidation scope	(10)	-	(22,440)	(15)	-	(22,465)
Business combinations	(155)	-	(75,800)	(4)	-	(75,959)
Depreciation	(1,235)	(172)	(28,779)	(153)	-	(30,339)
Increases/decreases for IFRS 16	60	(28)	75	255	-	-
Elimination of acc. depreciation of transferred assets	-	-	1,333	66	-	1,399
Total change in accumulated depreciation	(1,340)	(200)	(125,611)	149	-	(127,364)
Gross carrying amount at 31.12.2020	26,185	609	811,204	1,209	1,127	840,334
Accumulated depreciation	(2,341)	(327)	(381,136)	(893)	-	(384,697)
Carrying amount at 31.12.2020	23,844	282	430,068	316	1,127	455,637

Land and buildings amount to €24,126 thousand, up by €5,901 thousand on the previous year end, mostly due to the change in the consolidation scope and the business combinations.

Plant and equipment amount to €430,068 thousand (€395,351 thousand at 31 December 2019) and include the estimated costs to restore the sites. The increase for the year is mostly due to the change in the consolidation scope in accordance with IFRS 3 "Business combinations", which entailed the recognition of the net assets acquired.

Other assets amount to €316 thousand (€168 thousand at 31 December 2019) and mainly consists of office fixtures, fittings and electronic equipment.

Assets under construction amount to €1,127 thousand (€41 thousand at 31 December 2019). The increase is due to projects under construction.

The reporting-date effects of the application of IFRS 16 “Leases” are summarised below:

Effects of IFRS 16 on equity (operating leases)	31.12.2020	31.12.2019
Property, plant and equipment	20,993	17,603
Other current assets	(646)	(615)
Current operating lease liabilities	(1,077)	(984)
Non-current operating lease liabilities	(19,822)	(16,249)
Deferred taxes	163	69
Joint ventures	(82)	(43)
Effects on equity	(471)	(219)

Effects of IFRS 16 on equity (finance leases)	31.12.2020	31.12.2019
Property, plant and equipment	35,792	38,333
Other current assets	(1,764)	(1,472)
Current finance lease liabilities	(4,681)	(4,378)
Non-current finance lease liabilities	(22,371)	(28,567)
Deferred taxes	(1,935)	(1,081)
Effects on equity	5,041	2,835

The right-of-use assets at 31 December 2020 mostly consist of: i) land of €20,675 thousand, ii) plant and machinery of €35,792 thousand, iii) buildings of €282 thousand, and iv) other assets of €36 thousand.

9. EQUITY-ACCOUNTED INVESTMENTS

The disclosure required by IFRS 11 “Joint arrangements” is provided below.

At 31 December 2020, the parent’s investments in joint ventures relate to Ecoenergia Campania S.r.l. and New Green Molise S.r.l.. It also has direct investments in the associates Giava Uno S.r.l. in liquidazione and S.C. Compagnia Eoliana S.A. following its merger with Alerion Energie Rinnovabili S.r.l.. In turn, S.C. Compagnia Eoliana S.A. owns 99% of Jimbolia Wind Farm S.r.l.. On 15 December 2020, Alerion acquired 49% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which respectively own three wind farms with total installed capacity of 66.65 MW, from FGP.

Under the governance structure and contractual arrangements, the parent cannot exercise solecontrol over these investees. Decisions about relevant activities require the unanimous consent of the parties.

Accordingly, the investments in these entities are measured using the equity method.

(€'000)	31.12.2020	31.12.2019	Change
Ecoenergia Campania S.r.l.	3,955	4,064	(109)
New Green Molise S.r.l.	16,306	14,383	1,923
Andromeda Wind S.r.l.	11,601	-	11,601
Fri-El Anzi Holding S.r.l.	8,595	-	8,595
Fri-El Guardionara S.r.l.	9,570	-	9,570
Equity-accounted investments	50,027	18,447	31,580

Ecoenergia Campania S.r.l.

The current and non-current assets and liabilities, costs and revenue of the joint venture Ecoenergia Campania S.r.l., which owns a wind farm in Lacedonia in the province of Avellino, recognised using the equity method in these consolidated financial statements, are summarised below:

(€'000)	31.12.2020	31.12.2019
Non-current assets	8,814	9,604
Current assets	1,426	1,112
<i>including: cash and cash equivalents</i>	<i>825</i>	<i>462</i>
Total assets	10,240	10,716
Equity	7,911	8,128
Non-current liabilities	504	500
Current liabilities	1,825	2,088
Liabilities and equity	10,240	10,716

	2020	2019
Revenue	2,959	3,593
Costs	(2,121)	(2,438)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(754)</i>	<i>(832)</i>
<i>including: interest expense</i>	<i>(125)</i>	<i>(212)</i>
<i>including: income taxes</i>	<i>(392)</i>	<i>(551)</i>
Profit for the year	838	1,155
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	-	170
<i>Related tax</i>	-	(41)
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	-	129
Dividends distributed	(1,080)	(1,218)
	31.12.2020	31.12.2019
Net assets	7,911	8,128
Investment percentage	50%	50%
Carrying amount of the investment	3,956	4,064

New Green Molise S.r.l.

New Green Molise S.r.l. owns a wind farm in San Martino in Pensilis in the province of Campobasso, with installed capacity of 58 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

(€'000)	31.12.2020	31.12.2019
Non-current assets	68,339	67,635
Current assets	14,760	19,425
<i>including: cash and cash equivalents</i>	<i>12,041</i>	<i>14,794</i>
Total assets	83,099	87,060
Equity	32,611	28,765
Non-current liabilities	38,402	45,547
<i>including: financial liabilities</i>	<i>37,071</i>	<i>44,255</i>
Current liabilities	12,086	12,748
<i>including: financial liabilities</i>	<i>8,797</i>	<i>8,771</i>
Liabilities and equity	83,099	87,060
	2020	2019
Revenue	13,600	15,482
Costs	(6,744)	(11,791)
<i>including: impairment losses, amortisation and depreciation</i>	<i>(4,061)</i>	<i>(4,059)</i>
<i>including: interest income</i>	<i>2</i>	<i>2</i>
<i>including: interest expense</i>	<i>(2,932)</i>	<i>(3,275)</i>
<i>including: income taxes</i>	<i>2,820</i>	<i>(2,181)</i>
Profit for the year	6,856	3,691
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	1,034	938
<i>Related tax</i>	<i>(248)</i>	<i>(225)</i>
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	786	713
Dividends distributed	(3,796)	(3,210)
	31.12.2020	31.12.2019
Net assets	32,611	28,765
Investment percentage	50%	50%
Carrying amount of the investment	16,305	14,383

Andromeda Wind S.r.l.

Andromeda Wind S.r.l. owns a wind farm in the municipalities of Ururi and Larino in the province of Campobasso, with installed capacity of 26 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

(€'000)	31.12.2020	31.12.2019
Non-current assets	40,181	-
Current assets	6,092	-
<i>including: cash and cash equivalents</i>	<i>4,814</i>	-
Total assets	46,273	-
Equity	23,675	-
Non-current liabilities	20,508	-
<i>including: financial liabilities</i>	<i>15,276</i>	-
Current liabilities	2,090	-
<i>including: financial liabilities</i>	<i>173</i>	-
Liabilities and equity	46,273	-
	2020	2019
Revenue	453	-
Costs	(247)	-
<i>including: impairment losses, amortisation and depreciation</i>	<i>(141)</i>	-
<i>including: interest expense</i>	<i>(20)</i>	-
<i>including: income taxes</i>	<i>(24)</i>	-
Profit for the year	206	-
Comprehensive income		
Effective portion of net fair value gains (losses) on cash flow hedges of equity-accounted investees	-	-
<i>Related tax</i>	-	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	-	-
Dividends distributed	-	-
	31.12.2020	31.12.2019
Net assets	23,675	-
Investment percentage	49%	49%
Carrying amount of the investment	11,601	-

Fri-El Anzi Holding S.r.l.

Fri-El Anzi Holding S.r.l. wholly owns Fri-El Anzi S.r.l., which in turn owns a wind farm in the municipalities of Anzi and Brindisi Montagna in the province of Potenza, with installed capacity of 16 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

(€'000)	31.12.2020	31.12.2019
Non-current assets	27,985	-
Current assets	3,400	-
<i>including: cash and cash equivalents</i>	2,638	-
Total assets	31,385	-
Equity	17,541	-
Non-current liabilities	12,937	-
<i>including: financial liabilities</i>	8,275	-
Current liabilities	907	-
<i>including: financial liabilities</i>	25	-
Liabilities and equity	31,385	-
	2020	2019
Revenue	-	-
Costs	1,214	-
<i>including: impairment losses, amortisation and depreciation</i>	(30)	-
<i>including: interest income</i>	-	-
<i>including: interest expense</i>	-	-
<i>including: net income from equity investments</i>	1,238	-
<i>including: income taxes</i>	-	-
Profit for the year	1,214	-
Comprehensive income		
Effective portion of net fair value gains (losses) on cash flow hedges of equity-accounted investees	-	-
<i>Related tax</i>	-	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	-	-
Dividends distributed	-	-
	31.12.2020	31.12.2019
Net assets	17,541	-
Investment percentage	49%	49%
Carrying amount of the investment	8,595	-

Fri-El Guardionara S.r.l.

Fri-El Guardionara S.r.l. owns a wind farm in San Martino in the municipalities of PensiliBasilio, Donigala and Goni in the province of Cagliari, with installed capacity of 24.65 MW. Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

(€'000)	31.12.2020	31.12.2019
Non-current assets	30,388	-
Current assets	5,295	-
<i>including: cash and cash equivalents</i>	4,003	-
Total assets	35,683	-
Equity	19,531	-
Non-current liabilities	15,036	-
<i>including: financial liabilities</i>	9,756	-
Current liabilities	1,116	-
<i>including: financial liabilities</i>	67	-
Liabilities and equity	35,683	-
	2020	2019
Revenue	346	-
Costs	(201)	-
<i>including: impairment losses, amortisation and depreciation</i>	(112)	-
<i>including: interest expense</i>	(14)	-
<i>including: income taxes</i>	(22)	-
Profit for the year	145	-
Comprehensive income		
Effective portion of net fair value gains (losses) on cash flow hedges of equity-accounted investees	-	-
<i>Related tax</i>	-	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	-	-
Dividends distributed	-	-
	31.12.2020	31.12.2019
Net assets	19,531	-
Investment percentage	49%	49%
Carrying amount of the investment	9,570	-

At the date of preparation of these consolidated financial statements, the above companies had complied with the financial covenants provided for by their project financing agreements.

Giava Uno S.r.l.

Giava Uno S.r.l. in liquidation, of which the parent holds 31%, was in charge of a project to construct and operate a biomass plant with a short supply chain of 5.5 MW in Fontanella, in the province of Bergamo. The parent had already fully impaired its investment in the associate in 2014, as construction of the plant became infeasible and the SPE was consequently placed into liquidation. The liquidation process has not yet been completed.

Compania Eoliana S.A.

Compania Eoliana S.A., of which the parent holds 49.75%, was in charge of projects in Romania deemed no longer feasible. Accordingly, the parent fully impaired its investment in the associate, as well as the loan it granted thereto, in 2016.

10.LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other non-current financial assets total €4,358 thousand (€4,079 thousand at 31 December 2019) and mainly comprise loans granted to equity-accounted investees. The increase over the previous year end is due to the reclassification of the bonds acquired as part of the consideration for the sale of photovoltaic companies in 2013 (50% of which was collected in June 2016) to current financial assets.

CURRENT ASSETS

11. TRADE RECEIVABLES

Trade receivables amount to €9,113 thousand (€4,815 thousand at 31 December 2019) and mainly relate to sales of the energy produced in December 2020.

Trade receivables are generally due within 30-45 days.

12. TAX ASSETS

Tax assets amount to €5,096 thousand (€2,352 thousand at 31 December 2019) and mainly relate to IRES (corporate income tax) claimed for reimbursement and paid on account (€1,263 thousand and €743 thousand, respectively), IRAP (tax on production activities) claimed for reimbursement and paid on account (€173 thousand and €350 thousand, respectively) and IRES for the tax consolidation scheme (€2,566 thousand).

13. OTHER CURRENT ASSETS

Other current assets are broken down in the following table:

(€'000)	31.12.2020	31.12.2019	Change
Tax assets	13,164	11,901	1,263
Other assets	15,375	16,676	(1,301)
Total other current assets	28,539	28,577	(38)

Tax assets mostly comprise the portion of withholdings and VAT deemed to be recoverable within one year.

Other assets amount to €15,375 thousand (€16,676 thousand at 31 December 2019), net of a loss allowance of €274 thousand, and mainly relate to amounts due under feed-in tariff schemes of €10,066 thousand (€13,751 thousand at 31 December 2019) and sundry assets of €3,447 thousand, mostly comprising insurance compensation and prepayments of €1,835 thousand.

Amounts due under feed-in tariff schemes are mostly due within 60 days.

14. LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €1,003 thousand (€548 thousand at 31 December 2019) includes loans for a project under development in Romania and bonds issued by Belenergia to settle the consideration for its 2011 acquisition of photovoltaic companies. The group recognised a provision for risks of the same amount to cover a probable price adjustment arising from certain warranties included in the agreement for the sale of the above three companies.

15.CASH AND CASH EQUIVALENTS

(€'000)	31.12.2020	31.12.2019	Change
Demand deposits	147,688	238,329	(90,641)
Cash and cash equivalents on hand	18	19	(1)
Total cash and cash equivalents	147,706	238,348	(90,642)

Bank deposits amount to €147,706 thousand (€238,348 thousand at 31 December 2019).

At the reporting date, the bank deposits relating to group companies that are not parties to project financing agreements amount to €105,016 thousand (€180,928 thousand at 31 December 2019). Cash and cash equivalents of group companies funded through project financing amount to €42,690 thousand (€46,171 thousand at 31 December 2019) and mainly comprise bank current account balances, which are to be used in accordance with the related project financing agreements.

Reference should be made to the statement of cash flows for further details.

16.EQUITY

The group's capital management policies are designed to maintain a capital level that ensures investor, creditor and market confidence, while also allowing it to grow its business. The group monitors the return on capital and dividends to be distributed to the holders of the parent's ordinary shares.

Equity attributable to the owners of the parent increased by €44,464 thousand to €202,528 thousand from €158,064 thousand at 31 December 2019. The increase includes:

- the capital increase of €21,137 thousand and the exchange of treasury shares for €7,689 thousand as part of this transaction, net of the transaction costs;
- the profit attributable to the owners of the parent of €30,945 thousand;
- net actuarial losses on defined benefit plans (IAS 19) of €9 thousand, recognised in OCI net of tax;
- the repurchase of treasury shares of €1,800 thousand;
- net fair value gains of €1,048 thousand on derivatives, net of tax;
- the partial distribution of available reserves (€10,069 thousand);
- a reduction of €4,477 thousand in other changes due mostly to the acquisition of Nulvi.

At their meeting of 27 April 2020, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.2 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 24 June 2020 and detachment date of coupon 9 on 22 June 2020. The parent distributed the dividend in compliance with the terms established by the shareholders.

The 2020 changes in equity are presented in the statement of changes in equity.

Equity captions are commented on below:

The parent's **share capital** of €161,137 thousand (€140,000 thousand at 31 December 2019) is made up of 54,229,403 ordinary shares. The increase is due to the parent's acquisition of FGP's entire investments in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l. (49%) on 15 December 2020. It signed an agreement with FGP for the transfer of 35.7% of these three investees' quota capital by issuing 3,019,630 new ordinary shares. On 15 December 2020, the parent's shareholders approved the capital increase in kind of €21,137,410, including the premium and excluding rights of first refusal in accordance with article 2441.4.1 of the Italian Civil Code (the "capital increase").

The **treasury share reserve** has a negative balance of €28 thousand (negative €1,660 thousand at 31 December 2019) and shows the price paid to repurchase 4,500 treasury shares. The decrease is due to the repurchase of treasury shares for €1,800 thousand and the exchange of 1,123,227 treasury shares as part of the above-mentioned capital increase to acquire FGP's 49% investment in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l. (the "targets") which own three operating wind farms with gross installed capacity of 66.65 MW.

The **share premium** amounts to €21,400 thousand, unchanged from 31 December 2019, and includes: i) the premium of €0.02 per share for the increase carried out in 2003; ii) the premium of €0.55 per share for the increase carried out in 2008, net of transaction costs; iii) the difference between the repurchase price of treasury shares cancelled in 2012 and their nominal amount, in addition to the related commissions.

The **income-related reserves** amount to €29,085 thousand (€8,438 thousand at 31 December 2019) and include retained earnings less dividends distributed.

The **hedging reserve** is negative by €9,066 thousand (negative by €10,114 thousand at 31 December 2019) and includes the post-tax net fair value losses on the effective portion of hedging derivatives. The net fair value gains of €1,048 thousand accumulated during the year include €393 thousand relating to equity-accounted investments. Reference should be made to section 3. "FINANCIAL RISK MANAGEMENT" for the related changes.

Equity attributable to non-controlling interests amounts to €4,473 thousand (€2,752 thousand at 31 December 2019).

The disclosure required by IFRS 12 "Disclosure of interests with other entities" is set out below:

	Operating office	Investment percentage		Profit (loss) attributable to non-controlling interests		Equity attributable to non-controlling interests	
(€'000)		31.12.2020	31.12.2019	2020	2019	31.12.2020	31.12.2019
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(2)	0	(7)	(7)
Licodia Eubea wind farm	Italy	80.00%	80.00%	25	118	775	918
Energes Biccari	Italy	75.00%	75.00%	3	(1)	(1)	(31)
Wind Energy EOOD	Bulgaria	51.00%	51.00%	50	17	593	543
Wind Stream EOOD	Bulgaria	51.00%	51.00%	30	7	407	379
Wind Systems EOOD	Bulgaria	51.00%	51.00%	44	10	492	448
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	55	19	557	502
FRI-EL Anglona	Italy	90.00%	0.00%	435	0	(481)	0
Draghiescu Partners	Romania	90.00%	0.00%	(11)	0	(11)	0
FRI-EL Nulvi Holding	Italy	90.00%	0.00%	(6)	0	2,149	0
Total				623	170	4,473	2,752

NON-CURRENT LIABILITIES

17. NON-CURRENT FINANCIAL LIABILITIES

	31.12.2020	31.12.2019	Change
(€'000)			
Bonds issued	345,730	345,107	623
Bank loans and borrowings	132,933	175,174	(42,241)
Operating lease liabilities	19,496	16,248	3,248
Finance lease liabilities	24,625	30,192	(5,567)
Shareholder loans - non-controlling investors	12,099	12,035	64
Total non-current financial liabilities	534,883	578,756	(43,873)

Bonds issued at 31 December 2020 comprise i) the 2018-2024 bonds subscribed on 29 June 2018 for €150,000 thousand, net of transaction costs of €1,826 thousand, and ii) the 2019-2025 bonds subscribed on 12 December 2019 for €200,000 thousand, net of transaction costs of €2,444 thousand.

Bank loans and borrowings amount to €132,933 thousand (€175,174 thousand at 31 December 2019) and include the non-current portions of i) the project financing taken out to construct the Villacidro, Albareto and Ponte Gandolfo wind farms by the subsidiaries Green Energy Sardegna S.r.l. (€24,552 thousand), Fri-el Albareto S.r.l. (€16,955 thousand) and Eolica PM S.r.l. (€41,529 thousand), respectively, net of transaction costs, ii) the project financing arising from the 2019 acquisitions of Comiolica S.L. (€16,454 thousand) and Fri-el Campidano S.r.l. (€15,785 thousand), net of transaction costs, iii) the bank loan taken out by Alerion Clean Power S.p.A. in May 2019 and October 2020 (€1,906 thousand and €4,002 thousand, respectively), iv) the project financing relating to the Krupen plants (€958 thousand), and v) the project financing relating to the acquisitions performed in 2020, such as Grottole S.r.l. (€10,796 thousand).

A breakdown of current and non-current financial liabilities, the related interest rates and maturities is as follows:

(€'000)	31.12.2019	Increase	Decrease	31.12.2020	Interest rate	IRS	Maturity
Project financing - Callari	21,099	-	(3,578)	17,521	6M Euribor + 1.20%	4.85%	2023
Project financing - Ortona	27,061	-	(3,317)	23,744	6M Euribor + 1.20%	4.84%	2025
2018-2024 bonds	150,600	-	(150,600)	-	3.75%	n.a.	2024
Project financing - Albareto	19,935	-	(971)	18,964	6M Euribor + 2.05%	0.91%	2035
Project financing - Alerion Teruel	4,116	-	(2,446)	1,670	6M Euribor + 2.75%	0.21%	2021
Bankinter loan	3,462	-	(3,462)	-	6M Euribor + 2.32%	n.a.	2024
2019-2025 green bonds	197,582	-	(197,582)	-	3.13%	n.a.	2025
Project financing - Campidano	30,833	-	(7,201)	23,632	6M Euribor + 1.75%	-0.17%	2023
Project financing - Comiolica	17,293	140	-	17,433	6M Euribor + 2.75%	0.43%	2026
Project financing - Eolica PM	52,136	-	(7,909)	44,227	6M Euribor + 2.05%	1.11%	2035
Project financing - Green Energy Sardegna	28,108	-	(1,311)	26,797	6M Euribor + 2.05%	1.23%	2035
Project financing - W.Energy Eood	721	-	(241)	480	DEG Base + 4.75 %	n.a.	2022
Project financing - W.Power Eood	721	-	(241)	480	DEG Base + 4.75 %	n.a.	2022
Project financing - W.Stream Eood	721	-	(241)	480	DEG Base + 4.75 %	n.a.	2022
Project financing - W.System Eood	721	-	(241)	480	DEG Base + 4.75 %	n.a.	2022
Project financing - Grottolo	-	18,155	-	18,155	6M Euribor + 1.10%	0.19%	2023
Lease liabilities	51,802	-	(51,804)	(2)	Incremental borrowing rate 3.71%	n.a.	
Bank loans and borrowings	15,538	-	(15,539)	(1)	Euribor 1M + 1.0%	n.a.	on demand
Mediocredito 2020-2026 loan	-	-	-	-	3M Euribor + 1.8%	n.a.	2026
Loan from non-controlling investors	12,182	-	(12,182)	-			
Total financial liabilities	634,631	18,295	(458,866)	194,060			
<i>including:</i>							
Current	55,875			89,751			
Non-current	578,756			534,883			

A breakdown of the above financing by individual project, current and non-current residual liability, type, maturity, commitments, guarantees provided and significant covenants is set out below:

(€'000)				Associated financial liability				
Plant	Company	Installed capacity (consolidated) (MW)	Carrying amount of assets	Carrying amount of liabilities	Type	Maturity	Commitments and guarantees given to financial backers	Significant covenants
Callari (CT)	Callari S.r.l.	36.00	29,529	17,521	Proj. financing	2023	(*)	(**)
Ortona (FG)	Ortona S.r.l.	34.00	32,175	23,744	Proj. financing	2025	(*)	(**)
Castel di Lucio (ME)	Minerva S.r.l.	23.00	23,828	-	Quotaholder loan	2022	(Itg)	(Itg)
Licodia Eubea (CT)	Licodia Eubea wind farm S.r.l.	22.10	23,062	-	Quotaholder loan	2022	(Itg)	(Itg)
San Marco in Lamis (FG)	Renergy San Marco S.r.l.	44.20	40,437	-	Quotaholder loan	2022	(Itg)	(Itg)
Agrigento (AG)	Wind Power Sud S.r.l.	33.20	37,577	-	Quotaholder loan	2022	(Itg)	(Itg)
Albanella (SA)	Eolo S.r.l.	8.50	4,421	-	Quotaholder loan	2022	(Itg)	(Itg)
Ciorlano (CE)	Dotto S.r.l.	20.00	13,092	-	Quotaholder loan	2022	(Itg)	(Itg)
Morcone and Pontelandolfo	Eolica PM S.r.l.	51.80	73,320	44,227	Proj. financing	2035	(*)	(**)
Villa Cidro (SU)	Green Energy Sardegna S.r.l.	30.80	40,411	26,797	Proj. financing	2035	(*)	(**)
Comiolica (Spain)	Comiolica S.L.	36.00	48,734	17,433	Proj. financing	2035	(*)	(**)
Comiolica (Spain)	Alerion Teruel S.L.	-	-	1,670	Proj. financing	2035	(*)	(**)
Albareto	Fri-El Albareto S.r.l.	19.80	29,415	18,964	Proj. financing	2035	(*)	(**)
Campidano	Fri-El Campidano S.r.l.	70.00	49,535	23,632	Proj. financing	2023	(*)	(**)
Regalbuto	Anemos Wind S.r.l.	50.00	38,609	29,327	Leasing	2023	(*)	(**)
Grottolo	Fri-el Grottolo	54.00	76,208	18,155	Proj. financing	2023	(*)	(**)
Ricigliano	Fri-el Ricigliano	36.00	22,092	-	Proj. financing			
Nulvi-Tergu	Fri-el Anglona	29.75	17,183	-	Proj. financing			
Krupen (1) (Bulgaria)	W.Energy Eood	3.00	2,378	480	Proj. financing	n.a.	(*)	(**)
Krupen (2) (Bulgaria)	W.Power Eood	3.00	2,354	480	Proj. financing	n.a.	(*)	(**)
Krupen (3) (Bulgaria)	W.Stream Eood	3.00	2,378	480	Proj. financing	n.a.	(*)	(**)
Krupen (4) (Bulgaria)	W.System Eood	3.00	2,378	480	Proj. financing	n.a.	(*)	(**)
		611.2	609,116	223,390				

(*) Main commitments and guarantees given: pledge on the shares/quotas, pledge on bank current accounts, mortgage and lien

(**) Debt service cover ratio and debt to equity ratio.

(Itg) The parent purchased the SPE's project financing at the bonds' issue date.

The project financing agreements provide for the compliance with covenants typical of financial markets, in line with the market practice for similar agreements. Collateral given mainly relates

to: i) liens on movable property; ii) first-degree mortgages on buildings; iii) pledges on loans, receivables and current accounts and iv) pledges on the entire share capital.

The reporting-date current assets of the group companies participating in project financing schemes are set out below:

(€'000)	Amounts relating to group companies that are parties to project financing agreements		Amounts relating to group companies that are parties to project financing agreements	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Trade receivables	9,113	5,583	4,815	2,458
Tax assets	4,532	83	2,352	17
Other current assets	30,130	12,244	28,577	14,456
<i>including: feed-in tariff</i>	<i>10,066</i>	<i>5,841</i>	<i>16,520</i>	<i>8,337</i>
Loans and other current financial assets	1,003	-	548	-
Cash and cash equivalents	147,706	42,690	238,348	46,195
CURRENT ASSETS	192,484	60,600	274,640	63,126

Under the financing agreements, borrowers are required to comply with the following **affirmative** and **negative covenants**:

- the **affirmative covenants** include opening the project and VAT accounts, having own funds, signing an agreement with the national grid operator, signing insurance policies, appointing a project manager, safeguarding the plant, reporting any nullifying, terminating or withdrawing event, complying with the feed-in tariff decree in full, complying with the minimum level and granting the right of refusal to the lending bank in the event of refinancing;
- the **negative covenants** comprise a ban on repaying shareholder loans (subject to the prior approval of the lending bank, should this prevent the entity from maintaining a debt to equity ratio at least equal to the contractually-defined ratio), discontinuing or changing the nature of business activities, pledging any of the project's assets and earmarking assets for a specific purpose.

The following table shows the **financial ratios** provided for in the project financing agreements, with which compliance was already required at the reporting date. They principally relate to the debt service cover minimum amount, which cannot fall below the sum of the principal repayments, fees and interest expense accruing between the various half-yearly calculation dates:

	DSCR (debt service cover ratio)
- Project financing - Ecoenergia Campania	1.05
- Project financing - Callari	1.05
- Project financing - Ortona	1.05
- Project financing - New Green Molise	1.10
- Project financing - Green Energy Sardegna	1.05
- Project financing - Eolica PM	1.05
- Project financing - Fri-el Albareto	1.05
- Project financing - Alerion Teruel	1.05
- Project financing - Comiolica	1.05
- Project financing - Grottolo	1.05
- Project financing - Campidano	1.05
- Project financing - Krupen	1.10

The above covenants had been complied with at 31 December 2020, the most recent calculation date. Specifically, the historical DSCR related to the Krupen financing had not been complied with based on financial statements figures at 31 December 2019, the related financial liability was reclassified as current in its entirety and the group obtained the waiver on 16 March 2020.

With reference to the **2018-2024 bonds**, if, on each calculation date, the ratio of the financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2018. The carrying amount of financial debt for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of the bond issue and already applied to prepare the 2018 annual financial report, which do not include IFRS 16 "Leases".

With reference to the **2019-2025 bonds**, if, on each calculation date, the ratio of the financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the parent undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2019. The financial debt for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of the bond issue and already applied to prepare the 2019 annual financial report.

Based on simulations, the parent is currently in compliance with the financial covenants of the bonds.

Lease liabilities show the present value of the lease payments due after one year, recognised using the treatment required by IFRS 16. Finance lease liabilities include €24,625 thousand related to the Regalbuto plant.

Shareholder loans - non-controlling investors are those granted in connection with wind farm development projects. The caption mostly relate to SIMEST, which granted a loan of €9,851

thousand, net of transaction costs of €100 thousand, to support the Alerion Group's growth in Spain. Specifically, SIMEST invested €10 million, partly as a capital increase and partly as a shareholder loan, to support the group, through its local subsidiary, Alerion Spain, with the acquisition of Comiolica S.L., which was completed on 26 June 2019. Following the subscription of the capital increase of the Spanish holding company, SIMEST holds a 49% interest in Alerion Spain, which is still controlled by the parent with its 51% stake. Since, based on its substance, this is a financing transaction and considering the existence of a put option that the counterparty can exercise, the group has considered SIMEST as a financial backer and has not presented non-controlling interests when consolidating Comiolica S.L..

18.DERIVATIVES

The group's derivatives amount to €15,025 thousand (€11,422 thousand at 31 December 2019). Their current portion of €8,573 thousand shows the cash flows due within one year and their non-current portion of €6,452 thousand shows future cash flows until the repayment of the project financing.

At 31 December 2020, the group's financing whose cash flows have been hedged are as follows:

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	IRS fair value at 31 December 2020	Through equity	Change in consolidation scope	Through profit or loss	IRS fair value at 31 December 2019
GE Capital (Ortona)	24,119	23,357	(2,892)	3,632		(2,748)	(3,776)
Monte dei Paschi di Siena (Callari)	17,654	13,758	(1,479)	2,276		(1,474)	(2,281)
Banco BPM (Campidano)	15,663	9,601	(57)	(38)		-	(19)
Banco BPM (Campidano # 2)	11,747	7,201	(44)	(44)		-	-
Unicredit (Green Energy Sardegna)	27,643	20,616	(2,348)	(611)		-	(1,736)
Unicredit (Eolica)	47,518	33,853	(3,646)	(1,070)		-	(2,576)
Sabadel (Alerion Teruel)	2,908	1,271	(1)	6		-	(7)
Sabadel (Comiolica)	17,417	13,419	(211)	(48)		-	(163)
Unicredit (Grottole)	21,469	13,734	(144)	(52)	(92)	-	-
Unicredit (Fri-el Albareto)	19,532	13,797	(1,310)	(446)		-	(864)
Derivatives relating to project financing	205,670	150,607	(12,132)	3,605	(92)	(4,222)	(11,422)

Counterparty (group company) (€'000)	Commodity Swap	Derivative notional amount (MW)	IRS fair value at 31 December 2020	Through equity	Change in consolidation scope	Through profit or loss	IRS fair value at 31 December 2019
DXT Commodities (Alerion Cleanpower)	-	750	(2,893)	(2,893)	-	-	-
Commodity swaps	-	750	(2,893)	(2,893)	-	-	-
Derivatives relating to investments in consolidated companies			(15,025)	712	(92)	(4,222)	(11,422)
Related tax			2,923	(57)	22	217	2,741
Derivatives relating to investments in consolidated companies, net of related tax			(12,102)	655	(70)	(4,005)	(8,681)

Counterparty (group company) (€'000)	Hedged project financing	IRS notional amount	IRS fair value at 31 December 2020	Through equity	Change in consolidation scope	Through profit or loss	IRS fair value at 31 December 2019
Equity-accounted investments							
Unicredit (Andromeda)*	5,342	6,136	(114)	-	(114)	-	-
Unicredit (Guardionara)*	4,356	4,179	(53)	-	(53)	-	-
B.I.I.S. (New Green Molise)*	21,457	15,058	(1,518)	517	-	-	(2,035)
Derivatives relating to equity-accounted investments	31,155	25,373	(1,685)	517	(167)	-	(2,035)
Related tax			404	(124)	40	-	488
Derivatives relating to equity-accounted investments net of related tax			(1,281)	393	(127)	-	(1,547)

(*) Equity-accounted investments measured in accordance with IFRS 11

The group enters into interest rate swaps to manage the risk arising from changes in interest rates on its project financing agreed with several bank syndicates and, at the latter's request (a condition precedent of the project financing agreements), to convert the related interest rates from variable to fixed. At the reporting date, the group has agreed derivatives with a notional amount of approximately €150,607 thousand, setting interest at an average IRS rate of approximately 4% over an average period of 15 years.

As already described in the section on financial risks, in 2020, the group entered into commodity swaps to hedge electricity price risks, contain the effect of price volatility triggered by changes in the electricity market on its profitability and stabilise the related cash flows generated by sales

of electricity generated by its wind farms. The swaps provide for the conversion of the variable price (PUN) to a fixed price, calculated using a set notional volume. At the reporting date, the group has agreed swaps with a notional volume of approximately 750 MW to be exchanged in the period from 1 January to 31 December 2021, setting the price at an average €53.3 over the year.

The net fair value loss on the derivatives recognised during the year is primarily due to the new hedges associated with project financing agreed during the year for the construction and acquisition of new wind farms but it is also due to the ongoing situation on the financial markets, which continue to adversely affect the fair value of derivatives, impacted by the negative difference between the IRS rate curve and the forward rate curve as well as the new commodity swaps.

However, the group recognised a fair value gain of €350 thousand, net of tax, in OCI on the derivatives entered into by the equity-accounted investees. The derivative liabilities of these investees totalled €1,685 thousand at the reporting date, compared to €2,035 thousand at 31 December 2019.

The consolidated companies' interest rate swaps' fair value amounts to €15,025 thousand (€11,422 thousand at 31 December 2019). The group measured their fair value using the discounted cash flow model. These derivatives are designed as cash flow hedges and their hedging relationship is effective. Therefore, their net fair value gain has been accumulated in equity. Any ineffective portion has been recognised in profit or loss.

19. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These amount to €602 thousand (€690 thousand at 31 December 2019) and are measured using actuarial techniques as the group's actual liability to all employees, in accordance with IAS 19.

The underlying actuarial assumptions are as follows:

<i>Calculation date</i>	31/12/2020
<i>Mortality rate</i>	IPS55 tables
<i>Disability rate</i>	INPS-2000 tables
<i>Turnover rate</i>	2.00%
<i>Discount rate*</i>	0.34%
<i>Salary increase rate</i>	1.00%
<i>Advance payment rate</i>	1.00%
<i>Inflation rate</i>	0.50%

The group has 36 employees at the reporting date, broken down as follows:

	31.12.2019	Increases	Decreases	31.12.2020	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	27	10	(3)	34	31.0
Total employees	29	10	(3)	36	33.0

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2019	31.12.2020	31.12.2019	31.12.2020
Managers	52	53	2	2
Junior managers and white collars	43	41	11	17
Average	47.5	47.0	13	19

20. PROVISIONS FOR FUTURE RISKS AND CHARGES

(€'000)	31.12.2020	31.12.2019	Change
Provision for taxes and tax disputes	5,850	3,949	1,901
Provision for legal disputes	110	160	(50)
Provisions for other risks	16,015	12,422	3,593
Total provisions for future risks and charges	21,975	16,531	5,444

Changes in the **provisions for future risks and charges** are set out below:

(€'000)	Provision for taxes and tax disputes	Provision for legal disputes	Provisions for other risks	Total
31 December 2019	3,949	160	12,422	16,531
Change in consolidation scope	96	-	837	933
Business combinations	722		1,806	2,528
Accruals	1,162	-	2,274	3,436
Utilisations/releases	(79)	(50)	(1,324)	(1,453)
31 December 2020	5,850	110	16,015	21,975

The **provision for taxes and tax disputes** covers the increase of €5,850 thousand (€3,949 thousand at 31 December 2019) in the local property tax (ICI/IMU) as recalculated by the local tax authorities mainly on the basis of their redetermination of property income.

The **provision for legal disputes** covers the legal costs of pending disputes, based on risk estimates updated at the reporting date.

The **provision for other risks** mainly covers:

- plant dismantling costs of €13,098 thousand (€10,189 thousand at 31 December 2019). The increase relates to the change in consolidation scope (€2,643 thousand) after acquisition of 100% of FW, which owns two operating wind farms with installed capacity of 90 MW located in the municipalities of Ricigliano (SA) and Grottole (MT) and of 90% of

Nulvi, owner of an operating wind farm with installed capacity of 29.75 MW located in the municipalities of Nulvi and Tergu (SS). In accordance with IAS 16 and IAS 37, the provision for the restoration of the site where the wind farms operate has been adjusted against property, plant and equipment;

- a probable price adjustment on the sale of three photovoltaic companies for the enforcement of certain guarantees provided for in the sale agreement (€509 thousand).

More information about legal disputes is available in note 38 "LEGAL DISPUTES".

21.OTHER NON-CURRENT LIABILITIES

These amount to €13,970 thousand (€8,549 thousand at 31 December 2019) and include the deferred grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella, Agrigento and Campidano wind farms, respectively.

The increase in the caption is due to the change in the consolidation scope following the acquisitions of Fri-El Ricigliano S.r.l., Fri-El Grottole S.r.l. and Fri-El Anglona S.r.l. and the resulting consolidation of their deferred grants under Law no. 488/92.

CURRENT LIABILITIES

22.CURRENT FINANCIAL LIABILITIES

(€'000)	31.12.2020	31.12.2019	Change
Loans and borrowings and bank facilities	80,705	47,439	33,266
Accrued interest on bonds	3,074	3,074	-
Operating lease liabilities	1,057	-	1,057
Finance lease liabilities	4,702	5,362	(660)
Shareholder loans - non-controlling investors	213	-	
Total current financial liabilities	89,751	55,875	33,663

Loans and borrowings and bank facilities amount to €80,705 thousand and mostly relate to the current portion of project financing associated with the plants owned by i) Eolica PM S.r.l. (€2,698 thousand); ii) Fri-El Campidano S.r.l. (€7,847 thousand); iii) Ordonia Energia S.r.l. (€23,744 thousand, which is the entire project financing amount); iv) Krupen (€965 thousand); v) Green Energy Sardegna S.r.l. (€2,245 thousand); vi) Fri-El Albareto S.r.l. (€2,009 thousand); viii) Alerion Teruel S.L. and Alerion Spain S.L. (€1,670 thousand), and vii) Fri-El Grottole S.r.l. (€7,358 thousand). The caption also includes the current portion of the parent's corporate loans with Bankinter (€793 thousand), Mediocredito (€800 thousand) and the drawn-down credit lines of €12,034 thousand).

Accrued interest on bonds amount to €3,074 thousand and show the unpaid interest on the 2018-2024 bonds accrued in the second half of the year as well as the interest accrued on the 2019-2025 bonds.

Lease liabilities of €5,759 thousand show the present value of the lease payments due within one year, recognised using the treatment required by IFRS 16. Finance lease liabilities of €4,702 thousand relate to the Regalbuto plant.

23.TRADE PAYABLES

Trade payables amount to €8,313 thousand (€9,818 thousand at 31 December 2018) and are due to suppliers. They do not bear interest and are usually settled within 60 days. The decrease is due to smaller amounts due to third party suppliers.

24.TAX LIABILITIES

Tax liabilities amount to €4,559 thousand (€3,971 thousand at 31 December 2019) and mainly relate to corporate income taxes.

(€'000)	31.12.2020	31.12.2019	Change
IRAP	312	219	93
Substitute tax	2,499	-	2,499
IRES	1,748	3,752	(2,004)
Total tax liabilities	4,559	3,971	588

25.OTHER CURRENT LIABILITIES

(€'000)	31.12.2020	31.12.2019	Change
Employees and directors	438	333	105
Taxes	1,913	388	1,525
Social security charges payable	220	191	29
Sundry liabilities	6,959	4,043	2,916
Total other current liabilities	9,530	4,955	4,575

Sundry liabilities mainly relate to:

- agreements with municipal authorities (€1,861 thousand);
- the deferred grants related to assets recognised by the subsidiaries Eolo S.r.l., WPS S.r.l. and Fri-El Campidano S.r.l. received as per Law no. 488/92 "Government assistance for production activities" pertaining to subsequent years (€690 thousand).

Sundry liabilities do not bear interest and are usually settled every 12 months.

Reference should be made to the note "Related party and intragroup transactions" for information on the relevant terms and conditions.

26.NET FINANCIAL DEBT OF CONTINUING OPERATIONS

(€'000)		31.12.2020	31.12.2019
Cash and cash equivalents			
Cash		147,706	238,348
Total cash and cash equivalents	15	147,706	238,348
Loans and other current financial assets	14	1,003	548
Other loans and borrowings		(213)	-
Loans and borrowings	22	(80,705)	(47,439)
Accrued interest on bonds	22	(3,074)	(3,074)
Lease liabilities	22	(1,057)	(984)
Current finance lease liabilities	22	(4,702)	(4,378)
Derivatives	18	(8,573)	(3,309)
Total current financial liabilities		(98,324)	(59,184)
NET CURRENT FINANCIAL POSITION		50,385	179,712
Other loans and borrowings	17	(12,099)	(12,035)
Bank loans and borrowings	17	(132,933)	(175,174)
Bonds issued	17	(345,730)	(345,107)
Debiti per Lease	17	(19,496)	(16,248)
Current finance lease liabilities	17	(24,625)	(30,192)
Derivatives	18	(6,452)	(8,113)
NON-CURRENT FINANCIAL DEBT		(541,335)	(586,869)
NET FINANCIAL DEBT*		(490,950)	(407,157)
NET FINANCIAL DEBT (excluding derivatives)		(475,925)	(395,735)
Loans and other non-current financial assets	10	4,358	4,079
NET FINANCIAL DEBT FOR REPORTING PURPOSES		(486,592)	(403,078)
* CONSOB Communication no. DEM/6064293/2006			

FINANCIAL COVENANTS provided for by financing agreements

NET FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives	(471,567)	(391,656)
NET FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives and operating lease liabilities	(451,014)	(374,424)

Reference should be made to the relevant notes for comments on the individual captions.

STATEMENT OF PROFIT OR LOSS

27.REVENUE

2020 **revenue** amounts to €100,625 thousand (€70,032 thousand in 2019), up 43.7% thanks to the greater production output of the new plants acquired during the year and the rise in the unit value of the feed-in tariff in Italy (from €92.1 to €99.1 per MWh), which partly offset the negative effects of the much less windiness compared to the seasonal average and the reduction in electricity selling prices, mostly driven by the public health emergency as follows:

- electricity sales: €37,236 thousand (€31,531 thousand in 2019);
- feed-in tariff: €63,389 thousand (€38,501 thousand in 2019).

Average selling price

The 2020 average selling price of electricity from wind plants under feed-in premium (FIP, formerly "green certificates") schemes is €135.8/MWh, compared to €140.6/MWh in 2019. Specifically:

- the average selling price of electricity from wind plants that still benefit from the feed-in premium scheme is €36.7/MWh compared to €48.5/MWh in 2019;
- the average 2020 feed-in tariff is €99.1/MWh (€92.1/MWh in 2019);
- the Villacidro, Morcone-Pontelandolfo and Albareto wind farms benefit from a minimum guaranteed auction price (pursuant to the Ministerial decree of 23 June 2016) of €66/MWh.

The 2020 average selling price of the Krupen plant in Bulgaria was approximately €91.6/MWh. In particular, in Bulgaria, the feed-in premium scheme has changed from a fixed price to a variable price scheme in June 2019. Electricity generated is sold on the open market via traders at the highest trading price and the regulator subsequently pays an additional premium (calculated at 30 June) for each MWh generated.

28.OTHER REVENUE AND INCOME

2020 **other revenue and income** amount to €8,724 thousand (€1,797 thousand in 2019) and mainly relate to:

- transfer of guarantees of origin (GOs) to third parties (€448 thousand);
- administrative and technical consultancy services to equity-accounted investees (€730 thousand);
- insurance compensation for non-production (€1,789 thousand) recognised in profit or loss when its receipt is certain;
- grants received under Law no. 488/92 and the regional operational programme for the construction of the Albanella, Agrigento Campidano, Ricigliano, Grottole and Anglona wind farms (€1,292 thousand).

29. OPERATING COSTS

(€'000)	2020	2019	Change
Operating costs			
Personnel expenses	2,492	2,230	262
BoD and corporate costs	1,659	1,629	30
Consultancies and collaborations	3,542	3,074	468
Insurance	2,452	1,346	1,106
Maintenance	15,157	7,455	7,702
Royalties and leases	1,634	1,065	569
IMU	1,155	791	364
Other production and unbalancing costs	431	586	(155)
Other costs	3,852	2,186	1,666
Other operating costs	29,882	18,132	11,750
Accruals to provisions for risks for the availability bonus	-	-	-
Accruals to provisions for risks	465	-	465
Accruals to provisions for risks	465	-	465
Total operating costs	32,839	20,362	12,477

Personnel expenses are broken down below:

(€'000)	2020	2019	Change
Wages and salaries	1,746	1,531	215
Social security contributions	554	523	31
Post-employment benefits	99	90	9
Other personnel expenses	93	86	7
Total personnel expenses	2,492	2,230	262

The increase in operating costs is due to the new acquisitions completed in 2020, which led to the above-mentioned change in the consolidation scope and also made it necessary to commence maintenance and asset management services for the newly-acquired plants.

BoD and corporate costs increased slightly to €1,659 thousand from €1,629 thousand in 2019.

Consultancies and collaborations increased by €468 thousand to €3,542 thousand. This increase is mostly due to the change in the consolidation scope and includes the related transaction costs.

Maintenance costs of €15,157 thousand (€7,455 thousand in 2019) include the ordinary and extraordinary maintenance costs of the operating plants. The €7,702 thousand increase is principally due to the contribution of the Comiolica, Campidano and Regalbuto wind plants for

the entire year (they became operational in the second half of 2019) and the acquisition of the Grottole, Anglona and Ricigliano wind farms in the first quarter of 2020.

30.AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES/REVERSALS OF IMPAIRMENT LOSSES

(€'000)	2020	2019	Change
Amortisation	11,352	5,882	5,470
Depreciation	30,290	18,502	11,788
Impairment losses/reversals of impairment losses	(990)	1,805	(2,795)
Total amortisation, depreciation and impairment losses/reversals of impairment losses	40,652	26,189	14,463

In 2019, the group revised the estimated useful life of its wind turbines, changing the depreciation rate so they have residual economic lives of 25 years.

The €14,463 thousand increase in the caption is due to the fact that the plants which become operational in the second half of 2019 were active for the entire year of 2020 as well as the depreciation of the new plants in Anglona, Grottole and Ricigliano, acquired at the start of 2020.

Depreciation of right-of-use assets recognised in accordance with IFRS 16 (land and buildings) amounts to €1,408 thousand for the year.

Impairment losses and reversals of impairment losses include the reversal of part of the impairment losses recognised on the concessions for the Ciorlano and Albanella wind farms (€800 thousand and €190 thousand, respectively), identified through the impairment test carried out at the reporting date.

31.FINANCIAL INCOME (EXPENSE)

This caption is broken down in the following table:

(€'000)	2020	2019	Change
Financial income:			
- bank interest	63	4	59
- fair value gains on derivatives	72	161	(89)
- financial income from third parties	60	52	8
Total financial income	195	217	(22)
Financial expense:			
- interest on bonds	(12,907)	(6,265)	(6,642)
- interest and financial expense	(15,595)	(9,711)	(5,884)
- other financial expenses	(9)	4	(13)
Total financial expense	(28,511)	(15,972)	(12,539)
Net financial expense	(28,316)	(15,755)	(12,561)

Financial income

“**Derivatives**” shows the fair value gains on derivatives that do not qualify for hedge accounting at the reporting date. This risk is managed in order to limit variations in borrowing costs that affect profit or loss, by containing the risk of a potential increase in interest rates. To this end, the group enters into interest rate swaps with third parties, intended to establish or limit changes in cash flows due to market variations in the interest rates applied to the group’s non-current loans and borrowings. At each reporting date, the group assessed the effectiveness of its hedges.

Financial expense

Financial expense came to €28,511 thousand (€15,972 thousand) and includes **interest and financial expense** of €15,595 thousand, which mainly relate to interest accrued on the use of project financing and **interest accrued on the bonds** of €12,907 thousand. The increase is mostly due to the greater interest expense accrued on the 2019-2025 green bonds issued at the end of 2019 with a nominal amount of €200 million, the reclassification of the hedging reserve set up for the project financing of Ordonia and Callari, due to their prepayment, and interest expense on the loans taken out by the companies acquired in 2020.

Interest and financial expense includes lease interest expense of €900 thousand recognised in accordance with IFRS 16.

32.NET GAINS ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net gains of €84 million mostly relate to the losses on loans agreed with the non-controlling investors of companies that the group does not have full control over. The 2019 net gains of €13,555 thousand mainly related to the gain of €15.5 million from the bargain purchase of Anemos Wind S.r.l., as the consideration transferred was lower than the fair value of the net assets acquired, recognised in profit or loss under IFRS 3 “Business combinations”.

33.INCOME TAXES

Income taxes are broken down in the following table:

(€'000)	2020	2019	Change
Current taxes	(9,785)	(5,670)	(4,115)
Change in deferred tax assets due to the occurrence and reversal of temporary differences	20,504	222	20,282
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	8,608	1,300	7,308
Income taxes	19,327	(4,148)	23,475

Deferred taxes

A breakdown of deferred taxes is set out below:

€'000	Statement of financial position			Profit or loss	Change in consolidation scope	OCI and other changes	Profit or loss
	31/12/2020	31/12/2019	Change	2020			2019
Deferred tax liabilities							
Discounting of post-employment benefits	15	15	0	0	0	0	0
Non-taxable dividends and amortisation and depreciation	(2,965)	(2,003)	(962)	6	(968)	0	(113)
Initial application of IFRS 16 to finance leases	(1,926)	(1,081)	(845)	(845)	0	0	(156)
Intragroup eliminations	(126)	(126)	0	0	0	0	(22)
Business combination (IFRS 3)	(30,792)	(24,750)	(6,042)	9,323	(15,365)	0	1,543
Derivatives	302	1,495	(1,193)	225	0	(1,418)	19
Adjustments for compliance with group accounting policies	(3,157)	(3,056)	(101)	(101)	0	0	29
Total (A)	(38,649)	(29,506)	(9,143)	8,608	(16,333)	(1,418)	1,300
Deferred tax assets							
Accruals to provisions for risks, impairment losses on	4,619	2,944	1,675	(380)	2,055	0	0
Derivatives	2,683	1,322	1,361	0	0	1,361	16
Consolidation adjustments to comply with the group's accounting policies	1,870	1,396	474	474	0	0	30
Non-deductible portion of net interest expense	13,492	12,774	718	718	0	0	76
Initial application of IFRS 16 to operating leases	163	69	94	94	0	0	69
Intragroup eliminations	1,270	1,312	(42)	(42)	0	0	31
Unused tax losses offsettable against future taxable profits	57	57	0	0	0	0	0
Other deductible temporary differences	19,651	11	19,640	19,640	0	0	0
Total (B)	43,805	19,885	23,920	20,504	2,055	1,361	222
Net deferred tax assets	5,156	(9,621)	14,777	29,112	(14,278)	(57)	1,522
Current taxes				(9,785)			(5,670)
Total income taxes				19,327			(4,148)

Deferred tax assets and liabilities

The increase in net deferred tax assets of €14,777 thousand has been recognised in equity (€57 thousand) as a change in the consolidation scope (€14,278 thousand) and in profit or loss (€29,112 thousand).

Deferred tax liabilities principally relate to intangible assets acquired as part of business combinations and derivatives.

Deferred tax assets mainly relate to:

- temporary differences arising from the recognition of provisions for risks (Alerion Clean Power S.p.A. and Alerion Real Estate S.r.l. in liquidation);

- the non-deductible portion of net interest expense which the group is reasonably certain will be recovered in future years under article 96 of the Italian consolidated income tax act;
- temporary differences arising from intragroup eliminations and mainly relating to borrowing costs on intragroup loans that the subsidiaries have capitalised in their financial statements and derivatives.

Specifically, the caption includes deferred tax assets of €20,504 thousand (€222 thousand at 31 December 2019), including €19,460 thousand on the revaluation of company assets, gross of the substitute tax pursuant to article 110 of the "August decree".

As allowed by Decree law no. 104 of 14 August 2020 and as a departure from article 2426 of the Italian Civil Code, some group companies exercised the option to revalue their assets (specifically, wind farms) in their financial statements. The Decree law allows the revaluation of property, plant and equipment, intangible assets and investments in subsidiaries and associates in line with specific criteria as well as the payment of a 3% substitute tax on the higher values recognised in the 2020 financial statements in order for the revaluation to be effective for tax purposes. In addition, the companies can deduct the higher amortisation or depreciation charge resulting from application of the revaluation for tax purposes.

In accordance with the IFRS, the consolidated financial statements do not reflect the accounting effects of the revaluation. However, in order to align the revalued assets' carrying amounts with their tax bases, due to the payment of the 3% substitute tax on the higher amounts recognised, the group recognised a deferred tax asset equal to the tax benefit of the future deductible higher amortisation and depreciation. Therefore, it recognised an increase of approximately €19,640 thousand in deferred tax assets in profit or loss. It concurrently released deferred tax liabilities of €7,461 thousand due to the higher amounts recognised on the business combinations of the group companies that exercised the option to align their carrying amounts with the tax bases. These amounts are gross of the 3% substitute tax.

Current taxes

The reconciliation between the theoretical and effective tax expense is presented below:

(Euro/000)	IRES		IRAP		TOTAL	
2020	Tax	%	Tax	%	Tax	%
Tax base	12,241		40,472			
Theoretical tax	(2,938)	24.0%	(1,578)	3.9%	(4,516)	27.9%
Permanent differences	(918)	7.5%	(160)	0.4%	(1,078)	7.9%
Temporary differences	(2,243)	18.3%	(97)	0.2%	(2,339)	18.6%
ACE deduction	123	(1.0%)	-	0.0%	123	(1.0%)
Change in tax rate			306	(0.8%)	306	(0.8%)
Reduction as per Law decree no. 34/2020			707	(1.7%)	707	(1.7%)
Substitute tax	(2,988)	24.4%			(2,988)	24.4%
Effective current tax	(8,964)	73.2%	(821)	2.0%	(9,785)	75.3%

	IRES		IRAP		TOTAL	
2019	Tax	%	Tax	%	Tax	%
Tax base	25,500		27,700			
Theoretical tax	(6,120)	24.0%	(1,080)	3.9%	(7,200)	27.9%
Permanent differences	1,347	(5.3%)	(95)	0.3%	1,252	(4.9%)
Temporary differences	178	(0.7%)	(12)	0.0%	166	(0.7%)
Use of carryforward tax losses	63	(0.2%)			63	(0.2%)
ACE deduction	70	(0.3%)	-	0.0%	70	(0.3%)
Change in tax rate		0	(21)	0.1%	(21)	0.1%
Effective current tax	(4,462)	17.5%	(1,208)	4.4%	(5,670)	21.9%

34.EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owner of the parent by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the parent during the year.

The information used to calculate basic and diluted earnings per share is as follows:

(€'000)	2020	2019
Profit from continuing activities attributable to the holders of ordinary shares	31,568	21,352
Profit attributable to non-controlling interests	623	297
Profit attributable to the owners of the parent	30,945	21,055
Number of outstanding shares		
	2020	2019
Number of outstanding shares	51,209,773	43,579,004
Capital increase of 15 December 2020	3,019,630	
Treasury shares at the reporting date	4,500	813,685
Newly-issued shares reserved for capital increase	0	7,630,769
Weighted average of outstanding shares	51,335,403	47,576,923
Earnings per share		
(€)	2020	2019
Earnings per share	0.60	0.44

35.SEGMENT REPORTING

IFRS 8 requires the identification of reportable operating segments, on the basis of information regularly used by managers to allocate resources to and assess the performance of the operating segments. The group's activities are concentrated in the wind power segment.

Including on the basis of management reporting, the information on the identified business segments, **operating** and **holding**, is presented below.

A breakdown of revenue by geographical segment is provided even though the group mostly operates in Italy with only a tiny part of its business being performed abroad (the Krupen plant in Bulgaria and the Comiolica plant in Spain).

Operating segments: Revenue

	2020		2019	
	(€'000)	% of total	(€'000)	% of total
Revenue by geographical segment				
Italy - Islands	48,220	48%	38,541	55%
Italy - Mainland	43,962	44%	25,227	36%
Spain	6,170	6%	3,993	6%
Bulgaria	2,273	2%	2,271	3%
Revenue	100,625	100%	70,032	100%

Operating segments: Statement of financial position

Statement of financial position

	Operating business segment		Holding business segment		Consolidated figures	
(€'000)	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
NON-CURRENT ASSETS						
Intangible assets	198,100	148,504	0	0	198,100	148,504
Property, plant and equipment	455,109	413,937	0	1,388	455,109	415,325
Loans, equity investments and other non-current financial assets	50,501	18,750	0	3,776	50,501	22,526
Other non-current assets	42,231	19,047	0	848	42,231	19,895
TOTAL NON-CURRENT ASSETS	745,941	600,238	0	6,012	745,941	606,250
CURRENT ASSETS						
Loans, equity investments and other current financial assets	442	16	(1)	532	441	548
Other current assets	39,034	33,833	(1)	1,911	39,033	35,744
Cash and cash equivalents	59,831	60,051	1	178,297	59,832	238,348
TOTAL CURRENT ASSETS	99,307	93,900	(1)	180,740	99,306	274,640
TOTAL ASSETS	845,248	694,138	(1)	186,752	845,247	880,890
EQUITY	347,386	114,924	149,517	45,892	496,903	160,817
NON-CURRENT LIABILITIES:						
Financial liabilities	179,713	225,530	0	361,339	179,713	586,869
Other non-current liabilities	72,538	53,559	0	1,717	72,538	55,276
TOTAL NON-CURRENT LIABILITIES	252,251	279,089	0	363,056	252,251	642,145
CURRENT LIABILITIES:						
Financial liabilities	76,764	38,168	1	21,017	76,764	59,184
Other current liabilities	19,329	14,946	0	3,798	19,329	18,744
TOTAL CURRENT LIABILITIES	96,093	53,114	1	24,815	96,093	77,928
Intra-segment financing	149,518	247,011	(149,518)	(247,011)	0	0
TOTAL LIABILITIES	497,862	579,214	(149,517)	140,860	348,344	720,073
TOTAL EQUITY AND LIABILITIES	845,248	694,138	(1)	186,752	845,247	880,890

Statement of profit and loss

(€'000)	Operating business segment		Holding business segment		Consolidated figures	
	2020	2019	2020	2019	2020	2019
Revenue	0	70,032	0	0	0	70,032
Other revenue and income	0	1,072	0	725	0	1,797
TOTAL REVENUE AND INCOME	0	71,104	0	725	0	71,829
Operating costs	28,665	18,049	4,174	4,433	32,839	20,362
Share of profit of equity-accounted investees	4,614	2,422	0	0	4,614	2,422
Amortisation, depreciation and impairment losses/reversals of impairment losses	0	25,963	0	226	0	26,189
OPERATING PROFIT (LOSS)	(24,051)	29,514	(4,174)	(3,934)	(28,225)	27,700
Net gains (losses) on equity investments	(21,175)	(2,899)	(7,056)	699	(28,231)	(2,200)
PROFIT (LOSS) BEFORE TAX	(45,226)	26,615	(11,230)	(3,235)	(56,456)	25,500
Income taxes					0	(4,148)
PROFIT (LOSS) FROM CONTINUING OPERATIONS					(56,456)	21,352
PROFIT (LOSS) FOR THE YEAR					(56,456)	21,352
Profit attributable to non-controlling interests					623	297
PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP					(57,079)	21,055

Operating business segment:

Revenue from electricity production amounts to €100,625 thousand (€70,032 thousand in 2019) and comprises i) sales of electricity: €37,236 thousand (€31,531 thousand in 2019) and ii) feed-in tariff: €63,389 thousand (€38,501 thousand in 2019). The plants included in the consolidation scope produced 990 GWh of electricity, up 57.9% on 2019 (627 GWh). The increase is mainly due to the new plants entering production and those acquired during 2020.

Operating profit amounts to €43,802 thousand (€29,514 thousand in 2019) after amortisation, depreciation and impairment losses of €40,372 thousand (€25,963 thousand in 2019).

Property, plant and equipment and **intangible assets** amount to €653,209 thousand. The €90,768 thousand increase on 31 December 2019, net of depreciation and amortisation for the year, is mostly due to the change in the consolidation scope after the acquisition of FW, owner of two operating wind farms with total installed capacity of 90 MW located in the municipalities of Ricigliano (SA) and Grottole (MT), and Nulvi, which owns an operating wind park in the municipalities of Nulvi and Tergu (SS) with total installed capacity of 29.75 MW.

Holding business segment:

At 31 December 2020, the holding business segment mainly comprises holding company advisory service activities, which are considered marginal compared to the electricity production business.

36.RELATED PARTY AND INTRAGROUP TRANSACTIONS

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 31 December 1998, 31 December 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 on related party transactions of 12 March 2010, as amended, it is noted that the group's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the Group's financial position, financial performance and cash flows.

The related party transactions carried out fall within ordinary operations, as part of each party's core business, and are governed by market conditions.

All intragroup balances and material intragroup transactions have been eliminated when preparing the consolidated financial statements at 31 December 2020, as have profits and losses arising from trading and financial intragroup transactions not yet been realised with third parties.

The related party transactions balances are presented below. They mostly relate to administrative and technical consultancy services provided to third parties and equity-accounted investees which amount to €251 thousand recognised as "Other revenue and income" in 2020 (€516 thousand in 2019).

The related party disclosures required by IAS 24 and Consob communication no. 6064293 of 28 July 2006 are provided below:

(€'000)	Revenue	Costs	Assets	Liabilities
Existence of significant influence:				
Equity-accounted investments:				
Ecoenergia Campania S.r.l.	120	-	-	4
New Green Molise S.r.l.	396	-	3,937	-
Equity-accounted investments	516	-	3,937	4
Related parties:				
FRI-EL Green Power Group	5,415	5,705	1,668	2,936
Heliopolis Energia S.p.A.	-	31	-	11
Simest S.p.A.	-	423	-	10,164
Total related parties	5,415	6,159	1,668	13,112
Total	5,931	6,159	5,605	13,116

	Equity-accounted investees								Total
	New Green Molise S.r.l.	Ecoenergia Campania S.r.l.	Andromeda Wind S.r.l.	FRI-EL Anzi Holding S.r.l.	FRI-EL Guardionara S.r.l.	FRI-EL Green Power Group	Heliopolis S.p.A.	Simest S.p.A.	
(€'000)									
Trade receivables	54	-	-	-	-	1.668	-	-	1.722
<i>total trade receivables</i>	9.113	9.113	9.113	9.113	9.113	9.113	9.113	9.113	9.113
percentage	0,6%	0,0%	0,0%	0,0%	0,0%	18,3%	0,0%	0,0%	18,9%
Other assets	-	-	-	-	-	-	-	-	-
<i>other current assets</i>	28.539	28.535	28.535	28.535	28.535	28.535	28.535	28.535	28.535
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Current loans	-	-	-	-	-	-	-	-	-
<i>total current loans</i>	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Non-current loans	3.883	-	-	-	-	-	-	-	3.883
<i>total non-current loans</i>	4.358	4.358	4.358	4.358	4.358	4.358	4.358	4.358	4.358
percentage	89,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	89,1%
Non-current financial liabilities	-	-	-	-	-	-	-	9.951	9.951
<i>total non-current financial liabilities</i>	534.883	534.883	534.883	534.883	534.883	534.883	534.883	534.883	534.883
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,9%	1,9%
Current financial liabilities	-	-	-	-	-	-	-	213	213
<i>total trade payables</i>	89.751	89.751	89.751	89.751	89.751	89.751	89.751	89.751	89.751
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,2%	0,2%
Trade payables	-	4	-	-	-	1.386	11	-	1.401
<i>total trade payables</i>	8.313	8.313	8.313	8.313	8.313	8.313	8.313	8.313	8.313
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	16,7%	0,1%	0,0%	16,8%
Tax liabilities	-	-	-	-	-	650	-	-	650
<i>total trade payables</i>	4.559	4.559	4.559	4.559	4.559	4.559	4.559	4.559	4.559
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	14,3%	0,0%	0,0%	14,3%
Other current liabilities	-	-	-	-	-	883	-	-	883
<i>total other current liabilities</i>	9.530	9.530	9.530	9.530	9.530	9.530	9.530	9.530	9.530
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	9,3%	0,0%	0,0%	9,3%
Provisions for future risks and charges	-	-	-	-	-	18	-	-	18
<i>total provisions for future risks and charges</i>	21.975	21.975	21.975	21.975	21.975	21.975	21.975	21.975	21.975
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,1%	0,0%	0,0%	0,1%
Electricity sales	-	-	-	-	-	4.406	-	-	4.406
<i>total electricity sales</i>	37.236	37.236	37.236	37.236	37.236	37.236	37.236	37.236	37.236
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	11,8%	0,0%	0,0%	11,8%
Other revenue and income	254	120	-	-	-	1.009	-	-	1.383
<i>total net gains on equity investments</i>	8.724	8.724	8.724	8.724	8.724	8.724	8.724	8.724	8.724
percentage	2,9%	1,4%	0,0%	0,0%	0,0%	11,6%	0,0%	0,0%	15,8%
Other operating costs	-	-	-	-	-	5.705	31	-	5.736
<i>total operating costs</i>	29.882	29.882	29.882	29.882	29.882	29.882	29.882	29.882	29.882
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	19,1%	0,1%	0,0%	19,2%
Net financial expense	-	-	-	-	-	-	-	-423	-423
<i>net financial expense</i>	-28.317	-28.317	-28.317	-28.317	-28.317	-28.317	-28.317	-28.317	-28.317
percentage	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	1,5%	1,5%
Net gains on equity investments	142	-	-	-	-	-	-	-	142
<i>total net gains on equity investments</i>	84	84	84	84	84	84	84	84	84
percentage	169,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	169,0%

37.REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES, COOs AND OTHER KEY MANAGEMENT PERSONNEL

Following Consob resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the remuneration paid to the board of directors and supervisory bodies, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act (TUF).

38.LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

Disputes involving the parent

SIC - Società Italiana Cauzioni S.p.A.

The parent and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") have been called as joined defendants by SIC - Società Italiana Cauzioni S.p.A. (at the date of the Registration Document named ATRADIUS Credit Insurance, assignee of the SIC business unit) - in their capacity as policy co-obligors in the civil proceedings brought about before the Rome court by AGIED S.r.l. against INPDAP and SIC.

The policies were issued to guarantee the obligations incumbent on AGIED S.r.l. for the compensation of monetary losses that INPDAP could have suffered as a result of the malicious actions of AGIED S.r.l. when performing its duties provided for in the agreement between AGIED and INPDAP, for the management of part of INPDAP's property.

The purpose of this case is to assess the said surety policies and have them declared lapsed due to expiry of the time limit. In particular, AGIED S.r.l. asked the Court to declare that INPDAP has no right to enforce the policies and that, therefore, SIC is not required to pay anything to INPDAP.

The parent and Alerion Real Estate were co-obligors with SIC for the fulfilment of the obligations under the policies as quotaholders of AGIED. These quotas were sold by means of a deed dated 24 May 1999, following which SIC, in a letter dated 9 June 1999, stated that Alerion and Alerion Real Estate were released from their joint obligation due to events that occurred after the date of the sale of the quotas.

SIC, which concurred with AGIED's conclusions, nevertheless summonsed the parent and Alerion Real Estate as a precautionary measure, as, due to the generic nature of the claims, liability for the alleged damages claimed by INPDAP could not be placed in terms of time.

With regard to the policies referred to by ATRADIUS, the then SIC had, in a specific letter, released the co-obligors Alerion and Alerion Real Estate from liability for events occurring after the date of sale of the company shares on 24 May 1999. This confirms the fact that the parent and its subsidiaries have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ASTRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

On 1 December 2014, the first instance judge ordered just SIC (ASTRADIUS at the date of the Registration Document) to pay the damages and concluded that the defaults took place after 31 December 2000, i.e., following the release from the co-obligations, thereby implicitly ruling out the parent and Alerion Real Estate being summonsed as defendants. Accordingly, any further evolutions in the proceedings will not affect the parent.

AGIED and ATRADIUS (formerly SIC) separately appealed the first instance ruling to the court of appeal. As proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joining of the proceedings.

As the proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joining of the proceedings and, at the hearing of 3 February 2017, the court reserved its judgement on some aspects concerning the notices and the adversarial process.

At a hearing of 5 April 2019, the court rejected a petition to suspend the first instance judgement which Atradius has appealed.

The hearing for the closing arguments was scheduled for 25 September 2020.

Atradius has appealed to the Rome court of appeal about the fact that the judgement is pending. The court has listed the case for trial again, setting a hearing date of 16 June 2021.

The group deems the risk of an unfavourable outcome to be remote.

Bocchi

Mr. Renato Bocchi commenced civil proceedings before the Rome court against Banca di Roma and the parent. Mr. Bocchi requested that Banca di Roma and Alerion Clean Power S.p.A. (formerly Fincasa 44 S.p.A.) return a guarantee issued in a personal capacity in the interest of Fincasa 44 S.p.A. to secure all obligations assumed by it, which are now extinguished. With its ruling filed on 25 October 2012, the Rome court rejected Mr Bocchi's petition in full. Mr. Bocchi appealed the ruling to the Rome court of appeal and the parent entered an appearance requesting confirmation of the first instance ruling. At the hearing of 26 January 2020, the case was reserved for judgement and a deadline was set for final statements and replies. The judgement is pending.

The group deems the risk of an unfavourable outcome to be remote.

Census consortium

As part of an action for contractual fulfilment brought about by the Census consortium (in which Fincasa 44, and subsequently, as of the date of the Registration Document, the parent, holds a share of approximately 10%) against the Rome municipal authorities, the Rome court, on the one hand, allowed some of the consortium's claims (payment to the consortium of approximately €0.24 million) and, on the other, upheld one of the counterclaims of the Rome municipal authorities (payment of approximately €4.4 million plus interest) in relation to the works carried out by Fintecna S.p.A. and Engie Servizi S.p.A., which respectively hold 12% and 30% stakes in the consortium.

The court of appeal rejected the consortium's appeal filed in July 2015 and confirmed the first instance ruling.

The Rome municipal authorities did not notify the appeal ruling against Census of last July.

The consortium appealed to the court of cassation against the court of appeal ruling, with a petition to suspend the effects of the ruling.

As a result of the internal agreements among the consortium members, the financial consequences of the ruling would fall exclusively on the parties responsible for the work carried out, except in the event of their insolvency, in which case the other consortium members would be held liable on the basis of their respective stake.

With regard to the payment of the amount indicated in the counterclaims made by the municipal authorities, on 13 February 2018, the management board of the Census consortium concluded that liability for any payment rests with the consortium members that performed the related works. Accordingly, the outcome of the proceedings is mainly a matter for the parties concerned. This assessment was reflected in the 2017 financial statements of the Census consortium, which, with their approval on 27 February 2018, allocated any costs to be borne among the individual consortium members that carried out the work. The resolution was not challenged by the deadline established by law, making the allocation of payments demanded by the Rome municipal authorities final. Accordingly, the provision recognised in the consolidated financial statements was released in 2018. The directors deem that the risk is remote.

Legal disputes involving other group companies

The Agrigento provincial tax office notified Wind Power Sud S.r.l. ("WPS") of four separate assessment notices totalling €1.3 million, plus interest and fines, for 2008, 2009, 2010 and 2011, contesting the deductibility of interest expense accrued on a loan taken out following a merger leveraged buy out.

The Agrigento provincial tax court rejected WPS's petitions against these notices in August 2015.

WPS subsequently filed an appeal on the basis that the rulings of the Agrigento provincial tax court were unlawful due to the failure to state the reasons for and groundlessness of the claim. The Palermo regional tax court rejected the appeal in April 2016.

In December 2016, the Agrigento provincial tax office carried out an internal review, which only partially decreased the assessed taxes from the originally claimed €1.3 million to €0.7 million, plus fines and legal interest.

The Agrigento provincial tax office's decision is based on the fact that it considered the economic reasons for the MLBO, which resulted in the parent holding an equity investment in WPS though a reverse merger with a special purpose newco, only partially valid.

According to the subsidiary's legal advisors, albeit partial, the outcome of the internal review would reinforce WPS' position in the appeal before the court of cassation. WPS, therefore, decided to appeal. The appeal was lodged with the court of cassation on 5 December 2016.

Moreover, Equitalia (the Italian tax collection agency): i) in May 2017, accepted the application for the payment of two tax bills totalling €0.4 million relating to 2010 and 2011 in 48 instalments and ii) in December 2017, accepted the application for the payment of two tax bills totalling €0.9 million for 2008 and 2009 in 72 instalments.

In February 2020, the subsidiary applied for the inclusion of the amount claimed in the rescheduling plans.

At the reporting date, it still had to repay €0.7 million.

In the event of an unsuccessful outcome, Alerion's exposure would in any case be limited to 50%, since, at the time of the sale of the equity investment, the vendors, Moncada and Campione, committed to bearing 50% of the risk. The legal advisors consider the risk of losing the case only possible but not probable. Accordingly, the group has not made any provision in this respect. It has recognised the payments made up to 31 December 2021 as other assets and considers them to be recoverable.

Tax dispute relating to the depreciation rates of the operating companies

Some of the group companies have pending disputes with the tax authorities about the application of a depreciation rate to the wind farms that was higher than that deemed correct by the tax authorities (4%).

Specifically, the tax authorities notified five group SPEs of assessment notices disallowing the portion of depreciation (in excess of 4%) deducted for the purposes of calculating the IRES and IRAP tax bases for 2013, 2014, 2015 and, solely for just one SPE, 2016.

On the basis of the assessment of its tax advisors and supported by the first ruling handed down to the parties, the SPEs decided not to change their tax treatment for the years where depreciation was applied and subsequent years, and to appeal the assessment notices received, initiating litigation.

All the first instance judgements and, when completed, the second instance judgements, about the assessments found in favour of the SPEs. At the date of the Information Memorandum, no appeals have been made to the court of cassation for proceedings where the second instance judgements have been handed down.

Since the directors consider the risk of losing the proceeding to be only possible, but not probable, no provision has been made therefor in the consolidated financial statements.

Tax dispute relating to the local property tax (IMU) of operating companies

In 2016, the group's operating companies filed documents updating property registry records for wind turbines pursuant to article 1.21/22 of Law no. 208/2015 (2016 stability law, the "Imbullonati" law). Accordingly, as of 2016, they have calculated IMU on the basis of the revised property income.

In early 2017, the property registry authority served assessment notices to some of the group companies whereby it increased the property income of their wind turbines by including the tower and other components in the calculation. The companies challenged the notices and the disputes are still pending at the date of the Information Memorandum.

Despite the land registry authority's assessments being in contrast with applicable legislation, following the opinion expressed by the ministry, the companies' tax advisors believe that the outcome of the proceedings is uncertain. Therefore, since 2017, the group has increased the

related provision for risks by the assessed IMU to cover the probable risk of losing the disputes. At the reporting date, it had accrued €3.3 million.

The disputes with the tax authorities about the assessments on the property income for the years before 2016 (i.e., before the “Imbullonati” law became effective) are still pending and the group companies have set up provisions of €2 million.

In December 2020, Ordonia Energia S.r.l. was notified of an IMU assessment notice for 2017 by the Ordonia Municipality (FG) while Wind Power Sud S.r.l. received a notice for the 2016 IMU. Both companies have filed petitions against the assessments within the legal terms.

COSAP dispute

In November 2018, the Foggia provincial authorities approved a new regulation imposing a fee for the occupation of public spaces and areas (COSAP), contextually repealing the regulation for the occupation of public spaces and areas and for the application of the related tax (TOSAP).

Accordingly, the authorities notified COSAP payment notices for 2019 to Renergy San Marco S.r.l. and Ordonia Energia S.r.l., calculated on the subsoil occupation of the provincial roads with their cable ducts. Unlike the previous TOSAP regulation, which provided for the payment of a tax per linear kilometre, the new COSAP regulation applies a fee for the occupied surface, which is considerably higher than the TOSAP tax.

Ordonia Energia S.r.l. and Renergy San Marco S.r.l. challenged the notices and the underlying provincial regulation before the Puglia regional tax court. They also commenced civil proceedings before the Foggia court challenging the legitimacy of the unilateral increase in the occupation fee and the correct calculation of the amount due.

The preliminary hearing before the Puglia regional administrative court was held on 24 July 2019 to discuss the precautionary suspension of the payment notices. The court disallowed the precautionary measure, on the grounds that there was no serious and irreparable damage, but also ordered the provincial authorities not to take any action until the dispute on the legitimacy of the regulation is pending. With its sentence of 4 February 2020, the regional administrative court disallowed the companies’ petitions. They challenged this decision before the council of state.

During the civil proceeding hearing before the Foggia court, the judge appointed an expert to calculate the COSAP fee and postponed the hearing to 3 March 2021.

Since the regional administrative court decided in favour of the provincial authorities, it is highly probable that the latter will claim the fees. Accordingly, the companies accrued €0.4 million.

Other minor disputes

The parent decided to make the necessary provisions for other minor pending disputes involving the group companies.

Considering the progress of the disputes and the opinions of the relevant advisors, the provisions for risks recognised in the consolidated financial statements are believed to be appropriate.

39. COMMITMENTS AND GUARANTEES

The group's contractual commitments and guarantees to third parties at the reporting date are summarised below:

- sureties to third parties of €20,302 thousand are made up as follows:
 - environmental restoration obligations (€12,306 thousand);
 - other obligations (€7,996 thousand);
- pledge on the quotas of the following companies securing project financing: Callari S.r.l., Fri-El Campidano S.r.l., Fri-El Grottole S.r.l., Ordonà Energia S.r.l., New Green Molise S.r.l., Fri-El Albareto S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l., Comiolica S.L. and Alerion Teruel S.L.;
- warranties in equity investments sale agreements covering any contingent liabilities or non-existent assets compared to the relevant assets and liabilities at the time of the sale.

Commitments and guarantees received from third parties include:

- guarantees for the collection of the consideration of electricity sales (€10,825 thousand);

40. DISCLOSURE REQUIRED BY ARTICLE 149-DUODECIES OF CONSOB'S ISSUER REGULATION

The following table shows the 2020 fees for audit and non-audit services provided by the independent auditors and their network entities:

(€'000)		Service provider	2020 fee
Audit - parent		KPMG S.p.A.	91
Audit - parent		Deloitte & Touche S.p.A.	2
Audit - subsidiaries		KPMG S.p.A.	307
Audit - equity-accounted investees		KPMG S.p.A.	22
Other services - parent	¹	KPMG S.p.A.	63
Other services - parent	²	Deloitte & Touche S.p.A.	19
Total			504

¹: Issue of a fairness opinion for the purposes of the capital increase excluding or including the rights of first refusal.

²: Checks of the calculation of the financial covenants provided for by the regulations of the parent's 2018-2024 bonds and the 2019-2025 bonds.

Statement on the consolidated financial statements at 31 December 2020

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as managing director, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis-3/4 of Legislative decree no. 58 of 24 February 1998, state:

- that the administrative and accounting procedures are adequate given the group's characteristics;
- that they were actually applied during the year to prepare the consolidated financial statements.

2. Moreover, they state that:

2.1 the consolidated financial statements at 31 December 2020:

- have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the accounting records and entries;
- are suitable to give a true and fair view of the parent and the consolidated companies' financial position, financial performance and cash flows;

2.2 the directors' report includes a reliable analysis of the parent and the consolidated companies' financial performance and financial position, together with information about the key risks and uncertainties to which they are exposed.

Milan, 11 March 2021

Managing director

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A.*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Alerion Clean Power Group (the "group"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Alerion Clean Power Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of Alerion Clean Power S.p.A. (the "parent") 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of intangible assets with an indefinite useful life and property, plant and equipment

Notes to the consolidated financial statements: note 6 "Impairment testing of property, plant and equipment and intangible assets"

Key audit matter	Audit procedures addressing the key audit matter
<p>The consolidated financial statements at 31 December 2020 include intangible assets with a finite useful life of €198.1 million and property, plant and equipment of €455.6 million.</p> <p>The directors tested intangible assets with a finite useful life totalling €105 million and property, plant and equipment totalling €353.6 million for impairment by checking that their carrying amount did not exceed their recoverable amount.</p> <p>They did not test assets relating to the operating companies Fri-El Anglona S.r.l., Fri-El Ricigliano S.r.l. and Fri-El Grottole S.r.l., which were acquired by the group during the year, since their carrying amounts had already been assessed upon their initial recognition during the year.</p> <p>Annually or more frequently, if necessary, the directors test intangible assets with a finite useful life and property, plant and equipment for impairment by comparing their carrying amount to their value in use, calculated using the discounted cash flow model.</p> <p>The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none"> the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates. In this context, the key assumptions are those about the assets' useful lives and estimated recoverable amounts, expected electricity prices, 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the process adopted to prepare the impairment test approved by the parent's board of directors; — checking whether how the directors carried out impairment tests complied with the IFRS; — understanding the process adopted for preparing the forecasts, on which basis the expected cash flows used for impairment testing have been estimated; — analysing the reasonableness of the assumptions used by the group to prepare the forecasts; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — checking the mathematical accuracy of the model used to calculate value in use; — checking whether the right-of-use assets (IFRS 16) had been appropriately included in the carrying amounts considered and whether the cash flows had been identified consistently for the purposes of determining the recoverable amount; — checking the sensitivity analysis presented in the notes in relation to the

<p>forecast electricity production and the evolution of the regulatory framework;</p> <p>— the financial parameters used to calculate the discount rate.</p> <p>For the above reasons and due to the materiality of the relevant captions, we believe that the recoverability of intangible assets with a finite useful life and property, plant and equipment is a key audit matter.</p>	<p>main key assumptions used for impairment testing;</p> <p>— checking whether the intangible assets with a finite useful life and property, plant and equipment relating to the operating companies acquired during the year had been accurately recognised at their acquisition-date fair value;</p> <p>— assessing the appropriateness of the disclosures provided in the notes about the recoverability of intangible assets with a finite useful life and property, plant and equipment.</p>
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Other matters - Comparative figures

The group's 2019 consolidated financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 2 April 2020.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by 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 group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated 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 parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated 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 group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.



Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 22 March 2021

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit

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2020 separate financial statements

STATEMENT OF FINANCIAL POSITION

Assets

(€'000)	Note	31.12.2020	including: related parties	31.12.2019	including: related parties
NON-CURRENT ASSETS:					
Intangible assets		748		5,043	
Property, plant and equipment	5	77,040		46,375	
Investments in subsidiaries	6	290,445,251		161,591,265	
Investments in joint ventures and associates	7	45,646,134		16,646,134	
Loans and other non-current financial assets	8	144,680,175	144,680,175	176,202,959	176,202,959
Deferred tax assets	29	1,260,917		561,825	
TOTAL NON-CURRENT ASSETS		482,110,265		355,053,601	
CURRENT ASSETS:					
Trade receivables	9	7,269,794	7,269,794	6,451,623	6,449,907
Tax assets	10	2,610,420		171,708	
Other current assets	11	15,407,629	14,538,645	11,337,974	10,040,509
Loans and other current financial assets	12	16,457,843	15,900,999	15,159,512	14,627,001
Cash and cash equivalents	13	85,267,696		177,732,356	
TOTAL CURRENT ASSETS		127,013,382		210,853,173	
TOTAL ASSETS		609,123,647		565,906,774	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	31.12.2020	including: related parties	31.12.2019	including: related parties
EQUITY	14	225,920,027		190,177,630	
NON-CURRENT LIABILITIES:					
Financial liabilities	15	351,654,173		347,810,651	
Post-employment benefits and other employee benefits	16	534,998		628,022	
Deferred tax liabilities	29	98,342		54,457	
Provisions for future risks and charges	17	584,132		615,792	
TOTAL NON-CURRENT LIABILITIES		352,871,645		349,108,922	
CURRENT LIABILITIES:					
Financial liabilities	18	17,662,816	947,933	20,354,399	948,461
Derivatives	19	2,893,307		-	
Trade payables	20	824,733	76,250	1,286,865	263,200
Tax liabilities	21	-		834,339	
Other current liabilities	22	8,951,119	7,228,732	4,144,619	2,832,122
TOTAL CURRENT LIABILITIES		30,331,975		26,620,222	
TOTAL LIABILITIES		383,203,620		375,729,144	
TOTAL EQUITY AND LIABILITIES		609,123,647		565,906,774	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	2020	including: related parties	2019	including: related parties
Net gains on equity investments	24	34,068,105	34,041,588	30,120,655	34,937,650
Other revenue and income	25	3,265,773	3,130,035	3,374,895	3,355,580
TOTAL REVENUE AND INCOME		37,333,878		33,495,550	
Operating costs					
Personnel expenses	26	1,853,865		1,712,787	
Other operating costs	27	3,055,083	120,499	2,944,908	309,592
Accruals to provisions for risks		13,267		-	
Total operating costs		4,922,215		4,657,695	
Amortisation, depreciation and impairment losses					
Amortisation and depreciation		12,803		12,351	
Total amortisation, depreciation and impairment losses		12,803		12,351	
OPERATING PROFIT		32,398,860		28,825,504	
Financial income		78,876		13,814	
Financial expense		(16,107,288)		(7,103,829)	(464,911)
Net financial expense	28	(16,028,412)		(7,090,015)	
PROFIT BEFORE TAX		16,370,448		21,735,489	
Income taxes					
Current		1,771,969		(385,970)	
Deferred		651,815		31,351	
Total income taxes	29	2,423,784		(354,619)	
PROFIT FOR THE YEAR		18,794,232		21,380,870	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	2020	2019
PROFIT FOR THE YEAR (A)	18,794,232	21,380,870
<i>Net actuarial losses on defined benefit plans (IAS 19)</i>	<i>(12,155)</i>	<i>(46,752)</i>
<i>Related tax</i>	<i>3,391</i>	<i>13,044</i>
Post-tax other comprehensive expense that will not be reclassified to profit or loss	(8,764)	(33,708)
Total post-tax other comprehensive expense (B)	(8,764)	(33,708)
COMPREHENSIVE INCOME (A) + (B)	18,785,468	21,347,162

STATEMENT OF CASH FLOWS

(€'000)	Note	2020	including: related parties	2019	including: related parties
A. Cash flows from operating activities					
Profit for the year		18,794,232		21,380,870	
Amortisation, depreciation and impairment losses		12,803		12,351	
Financial income (expense)	28	16,028,412		7,090,015	
Net gains on equity investments	24	(31,556,428)		(22,290,023)	
Increase (decrease) in post-employment benefits and provision for employee disputes	16	(109,373)		(251,783)	
Increase (decrease) in provisions for risks and charges	17	(25,240)		-	
Increase (decrease) in deferred tax liabilities		(651,816)		(31,351)	
(Increase) decrease in trade receivables and other assets	9 - 11	(3,677,166)	(5,318,025)	(603,263)	411,762
Increase (decrease) in trade payables and other liabilities	20 - 21 - 22	(612,980)	4,209,660	3,818,856	1,560,436
Taxes paid	29	(1,076,961)		(1,076,961)	
Total cash flows generated by (used in) operating activities		(2,874,517)		8,048,711	
B. Cash flows from investing activities					
(Investments) disposals of property, plant and equipment	5	(47,627)		-	
(Investments) disposals of equity investments	6 - 7	(90,604,558)	-	(63,295,243)	-
Total cash flows used in investing activities		(90,652,185)		(63,295,243)	
C. Cash flows from financing activities					
Increase (decrease) in bonds issued		-		197,328,887	
(Increase) decrease in loan assets	8 - 12	1,776,274	30,249,314	11,052,515	(10,029,904)
Dividends received		22,757,679		23,041,547	
Increase (decrease) in bank loans and borrowings	15	491,018		1,864,886	
Increase (decrease) in other loans and borrowings/loan assets	15 - 18	-		12,750	
Dividends distributed	14	(10,069,066)		(1,713,241)	
Repurchase of treasury shares	14	(1,799,670)		(85,128)	
Financial expense paid		(12,094,195)		(6,396,554)	
Total cash flows generated by financing activities		1,062,040		225,105,662	
D. Cash flows for the year (A+B+C)		(92,464,662)		169,859,130	
E. Negative goodwill - Alerion Energie Rinnovabili S.p.A.		-		204,383	
E. Opening cash and cash equivalents		177,732,356		7,668,843	
F. Closing cash and cash equivalents (+D1+E)		85,267,694		177,732,356	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2020

(€'000)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Income-related reserves	Profit for the year	Equity
31 December 2019	140,000,000	(1,659,598)	21,400,391	2,729,897	1,242,885	2,804,956	2,278,229	21,380,870	190,177,630
Allocation of previous year's profit	-	-	-	1,069,044	-	-	20,311,826	(21,380,870)	-
Profit for the year	-	-	-	-	-	-	-	18,794,232	18,794,232
Other comprehensive expense	-	-	-	-	-	(8,764)	-	-	(8,764)
Comprehensive income	-	-	-	-	-	(8,764)	-	18,794,232	18,785,468
Dividends approved and/or distributed	-	-	-	-	-	-	(10,069,066)	-	(10,069,066)
Repurchase of treasury shares	-	(1,799,670)	-	-	-	-	-	-	(1,799,670)
Sale of treasury shares	-	3,431,571	-	-	4,431,018	-	-	-	7,862,589
Capital increase	21,137,411	-	-	-	-	(174,335)	-	-	20,963,076
Other changes	-	-	-	-	-	-	-	-	-
31 December 2020	161,137,411	(27,697)	21,400,391	3,798,941	5,673,903	2,621,857	12,520,989	18,794,232	225,920,027

(**) "Other reserves" includes the IFRS FTA reserve.

STATEMENT OF CHANGES IN EQUITY - 2019

(€'000)	Share capital	Treasury share reserve	Share premium	Legal reserve	Negative goodwill - Alerion Energie Rinnovabili S.p.A.	Other reserves (**)	Income-related reserves	Profit for the year	Equity
31 December 2018	186,042,314	(1,574,467)	21,400,391	2,687,874	-	2,360,991	2,662,361	840,452	214,419,916
Allocation of previous year's profit	-	-	-	42,023	-	-	798,429	(840,452)	-
Profit for the year	-	-	-	-	-	-	-	21,380,870	21,380,870
Other comprehensive expense	-	-	-	-	-	(33,708)	-	-	(33,708)
Comprehensive income	-	-	-	-	-	(33,708)	-	21,380,870	21,347,162
Dividends approved and/or distributed	-	-	-	-	-	(530,677)	(1,182,561)	-	(1,713,238)
Dividends received	-	-	-	-	-	1,008,350	-	-	1,008,350
Repurchase of treasury shares	-	(85,131)	-	-	-	-	-	-	(85,131)
Merger of Alerion Energie Rinnovabili S.p.A.	-	-	-	-	(44,799,429)	-	-	-	(44,799,429)
Capital reduction	(46,042,314)	-	-	-	46,042,314	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Saldo al 31 Dicembre 2019	140,000,000	(1,659,598)	21,400,391	2,729,897	1,242,885	2,804,956	2,278,229	21,380,870	190,177,630

(**) "Other reserves" includes the IFRS FTA reserve.

Reference should be made to note 14. "Equity" for details of the individual captions.

BASIS OF PREPARATION AND NOTES

1. CORPORATE INFORMATION

Alerion Clean Power S.p.A. (the “company” or “Alerion”) is a legal entity subject to Italian law and is the parent of the Alerion Group (the “group”). Its ordinary shares are listed on the MTA segment of the Italian stock exchange. The group’s headquarters are at Viale Luigi Majno 17 in Milan.

On 11 March 2021, the company’s directors approved the publication of the separate financial statements as at and for the year ended 31 December 2020.

2. BASIS OF PREPARATION

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), endorsed by the European Union and in force at 31 December 2020. They also comply with the measures implementing article 9 of Legislative decree no. 38/2005. The term IFRS includes all revised International Accounting Standards (“IAS”) and all interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The separate financial statements also comply with the requirements of article 2423 and following articles of the Italian Civil Code, as can be seen from these notes, prepared in accordance with article 2427 of the Italian Civil Code and an integral part of the separate financial statements as per said article 2423. The amounts in the statements of financial position, profit or loss, comprehensive income, cash flows and changes in equity are presented in euros, while those in these notes are in thousands of euros unless stated otherwise. In order to convert the figures presented in euro cents into euros, the balances in the statements of financial position and profit or loss were rounded upwards or downwards depending on whether the cents balance was greater or smaller than 50 euro cents.

As the tax consolidator, the company extended the scope of the domestic tax consolidation scheme to its subsidiaries Fri-El Campidano S.r.l., Fri-El Ichnusa S.r.l., Fri-El Albareto S.r.l., Green Energy Sardegna S.r.l., Anemos Wind S.r.l. and Eolica PM S.r.l. in the 2020 tax return.

The scheme enables the participating group companies to offset their taxable profits or tax losses with a clear benefit not only for themselves, but also for the company.

Companies participating in the domestic tax consolidation scheme have signed an agreement governing and specifying the requirements, obligations and responsibilities to which they mutually agree when they join the scheme. In particular, specific provisions are designed to ensure that participation is not disadvantageous economically or financially compared to their position had they not joined the scheme, or if (where applicable) they had opted for group taxation with their own subsidiaries.

2.1 LEGAL OBLIGATIONS OF GROUP MEMBERSHIP

The company has prepared consolidated financial statements as, together with its subsidiaries, it exceeds the thresholds set by article 27 of Legislative decree no. 127 of 9 April 1991 (amended by Law no. 52 of 6 February 1996).

2.2 BASIS OF PRESENTATION

In accordance with Consob resolution no. 15519 of 27 July 2006, the basis of presentation of the statements of financial position, profit or loss and changes in equity (in line with IAS 1) and of the statement of cash flows (in line with IAS 7) is set out below.

The statement of profit or loss classifies costs based on their nature while the statement of financial position classifies current and non-current assets and current and non-current liabilities separately, in accordance with IAS 1. The statement of changes in equity presents the changes for the year by reconciling the opening and closing balances of each equity caption. The statement of cash flows classifies cash flows under operating, investing and financing activities, as provided for by IAS 7. Specifically, cash flows from operating activities are presented using the indirect method, whereby the profit or loss for the year is adjusted for any non-monetary items, deferral or provision of previous or future collections of an operating nature, or revenue or cost items linked to cash flows from investing or financing activities.

Lastly, in accordance with the above Consob resolution, where material, the amounts arising from related party transactions and profits or losses from non-recurring events or transactions are presented separately in specific sub-captions of the statements of financial position, profit or loss and cash flows.

2.3 JUDGEMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

Directors make judgements, estimates and assumptions in preparing the separate financial statements and notes thereto, which affect the carrying amount of assets and liabilities as well as the disclosures about contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are used to determine impairment losses on assets and, specifically, equity investments (by carrying out the impairment test), provisions for risks and charges, loss allowances and other allowances, amortisation and depreciation, employee benefits (including the measurement of the fair value of warrants as per IFRS 2) and income taxes. The directors regularly review the estimates and assumptions and any changes are immediately recognised in profit or loss.

2.4 KEY ACCOUNTING POLICIES

This section summarises the company's key accounting policies.

STATEMENT OF FINANCIAL POSITION

Intangible assets with a finite useful life

In accordance with IAS 38, the company recognises the costs, including directly-attributable costs, incurred to acquire assets or resources without physical substance to be used in the production of goods or provision of services, leased to third parties or used for administrative purposes as intangible assets, provided that such costs can be measured reliably and the asset is clearly identifiable and controlled by the company. Goodwill acquired against consideration is also recognised.

Separately acquired intangible assets are recognised at cost and subsequent expenditure is recognised as an increase in the carrying amount of the asset to the extent it generates future economic benefits. Intangible assets acquired as part of a business combination are recognised at their acquisition-date fair value.

Intangible assets with a finite useful life are systematically amortised on a straight-line basis over their useful life. Their carrying amount is tested for impairment annually, or more frequently should there be an indication of impairment in accordance with IAS 36 "Impairment of assets". Impairment losses decrease the asset's carrying amount.

Research expenditure is recognised in profit or loss as incurred. Development costs incurred in relation to a specific project are capitalised if their future recovery is reasonably certain and all the conditions of IAS 38 have been met. After initial recognition, they are measured at cost, decreased by amortisation or any impairment losses. Capitalised development costs are amortised over their useful life based on the timeframe during which the expected future cash flows of the underlying project will flow to the company.

The carrying amount of development costs is tested for impairment annually or more frequently, should there be an indication of impairment.

Amortisation is charged on a straight-line basis over the asset's estimated useful life as follows:

Amortisation rate	<i>Rate</i>
Industrial patents and intellectual property rights	20%

Property, plant and equipment

Property, plant and equipment are recognised at historical cost and systematically depreciated over their useful life, except for land and assets held for sale, which are not depreciated but are impaired, should their fair value decrease to below their carrying amount.

Straight-line depreciation is carried out using rates held to reflect the assets' estimated useful life. Such rates are revisited annually and are applied pro rata to assets purchased during the year, to account for their actual period of use. Subsequent expenditure is recognised as an increase in the carrying amount of the related assets only if it results in an actual improvement in the asset's value.

Day-to-day servicing costs are recognised in profit or loss as incurred. Non-routine maintenance costs are recognised as an increase in the carrying amount of the related assets if they significantly increase their productivity or useful life, in which case they are depreciated over the assets' residual useful life. Depreciation is charged on a straight-line basis over the assets' estimated useful life as follows:

Depreciation rate	<i>Rate</i>
Other assets	dal 12% al 20%

Impairment of assets (impairment testing)

IAS 36 requires that property, plant and equipment and intangible assets be tested for impairment if there are indications that an impairment loss may have occurred. Other intangible assets with an indefinite useful life or intangible assets not yet available for use (under development) are tested for impairment annually.

The recoverability of an asset is assessed by comparing its carrying amount to the higher of its fair value less costs to sell, if there is an active market, and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit and to be received at the end of its useful life. Cash-generating units are

identified in line with the company's organisational and business structure as a group of similar assets that generates independent cash inflows from continuing use of the related assets.

Financial instruments

Financial instruments include other equity investments (i.e., not those in subsidiaries, associates or joint ventures), non-current loan assets, trade receivables and other assets as well as other current financial assets such as cash and cash equivalents. The latter include bank and postal deposits, highly liquid securities representing temporary investments of liquidity and loan assets repayable within three months. Financial instruments also comprise loans and borrowings, trade payables and other liabilities, other financial liabilities and derivatives.

The company applies IFRS 9 "Financial instruments". This standard provides for a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. In this respect, the company classifies financial assets based on the business model it uses for managing them to achieve its business objectives and the contractual cash flow characteristics of the financial asset.

IFRS 9 "Financial instruments" replaced IAS 39 "Financial instruments: presentation and measurement" on 1 January 2018. It introduces new rules for the classification and measurement of financial assets based on the business model according to which they are managed and their cash flow characteristics. Specifically:

- the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect (HTC) model) are measured at amortised cost;
- the financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and to sell (HTCS) model) are measured at fair value through other comprehensive income (FVOCI);
- the financial assets held within other business models are measured at fair value through profit or loss (FVTPL).

IFRS 9 has eliminated the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Upon first-time adoption of the new standard, the company reclassified its financial assets at 1 January 2019 into the new categories, based on their business model and contractual cash flow characteristics.

It assessed the business models by mapping its financial assets based on how it manages them to achieve its objectives.

When classifying its financial assets into the new IFRS 9 categories, in addition to the business model, the company assessed the contractual cash flows ("SPPI assessment"). It considered whether each asset's contractual cash flow characteristics would allow for its measurement at amortised cost (HTC model) or at FVOCI (HTCS model).

At initial recognition, all financial assets are recognised at cost, which is their fair value plus transaction costs. The company decides how to classify its financial assets after their initial recognition and, where appropriate and permitted, it reclassifies them at each reporting date.

Impairment of financial assets

The company applies the expected credit loss impairment model provided for by IFRS 9 to its financial assets as follows:

- the expected credit losses are measured by multiplying the exposure by the counterparty's probability of default (over the related time horizon) and by a fixed loss given default (LGD) of 60%. To this end, the carrying amount of the exposures has been considered, without applying any discount rate (since it is measured using the same rate, the present value would have been the same);
- the counterparty's probability of default is calculated on the basis of the relevant CDS spread (the 6-month CDS spread has been used for transactions with a time horizon of up to six months) based on the following formula:

$$PD = 1 - e^{-spread 60\% \cdot durata}$$

- the time horizon of ECL of current accounts that do not have a fixed maturity has been defined as follows:
 - o demand current accounts: 1-month horizon (assuming that any counterparty's default issues would be identified within this timeframe and the related cash would be transferred to other institutions);
 - o project financing current accounts: identification of a "stable" component tied to the project (with the application of the 12-month ECL, if creditworthiness has not significantly deteriorated) and a residual "revolving" component (with an associated time horizon of 3 months).

Investments in subsidiaries, associates and jointly controlled entities

In accordance with IAS 27, these equity investments are recognised at cost, which is the cost incurred to acquire an investment or set up an investee or is defined by an expert in the case of contributions.

If there is an indication that the equity investment may be impaired, the company estimates its recoverable amount using the method set out in IAS 36 "Impairment of assets" to determine the impairment loss to be recognised in profit or loss.

Other equity investments

Investments other than those held in subsidiaries, associates and jointly controlled entities are initially recognised at cost, including any directly attributable transaction costs. The company measures these equity investments at fair value and any fair value gains or losses are presented in equity and in other comprehensive income as items that will not be reclassified to profit or loss (fair value through other comprehensive income, FVOCI). Therefore, solely dividends

received from these investees are recognised in profit or loss. IFRS 9 provides for an alternative method to recognise fair value gains or losses through profit or loss (FVTPL). The election of whether to recognise these fair value gains and losses as FVTPL or FVOCI is made on a case-by-case basis and is irrevocable. Any exceptions at the date of initial recognition are disclosed in the notes to the individual captions.

Loan assets

Loans are initially recognised at cost, which is the fair value of the consideration received net of the transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Amortised cost is calculated considering the issue costs and any discount or premium provided for upon settlement. Any gain or loss on the loan asset is recognised in profit or loss when the loan is fully repaid or, should it become impaired, over the amortisation period.

Trade receivables and other assets

Trade receivables, which are usually due in the short term, are recognised at the nominal amount shown in the invoice, net of any loss allowance determined using the expected credit loss impairment model provided for by IFRS 9. This is supplemented by any additional impairment losses recognised as a result of specific doubtful conditions on individual positions when they are identified.

When, based on the payment terms, the trade receivable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest income over the period it accrues.

Trade receivables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand bank and postal accounts and short-term investments in securities made as part of the company's treasury management, readily convertible and subject to an insignificant risk of changes in value.

They are stated at their nominal amount.

Loans and borrowings

All loans and borrowings are initially recognised at fair value net of transaction costs.

After initial recognition, they are measured at amortised cost using the effective interest rate method.

Any gain or loss on a financial liability is recognised in profit or loss when it is extinguished, in addition to through the amortisation process.

Provisions for risks and charges

Provisions for risks and charges are accrued when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the obligation can be estimated reliably.

If the company believes that some or all of the expenditure required to settle a provision will be reimbursed by another party (for example, through insurance contracts), the reimbursement is recognised as an asset when, and only when, it is virtually certain that it will be received. In this case, the expense relating to the provision is presented net of the amount recognised for the reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase is recognised as a borrowing cost.

Employee benefits

In accordance with IAS 19, the company measures its Italian post-employment benefits ("TFR") on an actuarial basis, taking into account a series of variables (mortality rate, future salary increase rate, inflation rate, etc.). The amendment to IAS 19 "Employee benefits" requires that any actuarial gains and losses be immediately recognised in other comprehensive income and that the statement of financial position presents the entire amount of the company's net defined benefit obligation. The amendment also provides that changes for the year in the defined benefit obligation should be allocated to three components: current service costs, interest cost, which is calculated by applying an appropriate discount rate to the defined benefit liability's opening balance, and actuarial gains and losses, which arise from the remeasurement of the liabilities and are to be recognised in OCI.

Trade and other liabilities

Trade liabilities are measured at their nominal amount.

When, based on the payment terms, the trade payable contains a financing component, it is measured at amortised cost by discounting its nominal amount and recognising interest expense over the period it accrues.

Trade payables denominated in a foreign currency are remeasured using the closing rate and any resulting exchange gain or loss is recognised in profit or loss in the same caption as those of the original transaction.

STATEMENT OF PROFIT OR LOSS

Revenue and income

Revenue is recognised in accordance with IFRS 15, which requires the following key steps:

- identifying the contract;
- identifying performance obligations;
- determining the transaction price;
- allocating the transaction price to performance obligations;
- recognising revenue when (at a point in time) or as (over time) the entity satisfies a performance obligation.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and its amount can be reliably measured. It is presented net of discounts, bonuses and returns.

Before recognising revenue, the company always checks whether the following requirements are met.

Specifically:

- dividends are recognised when the investor's right to their payment arise (date of the relevant shareholders' resolution);
- any gain or loss on the sale of equity investments is recognised when the sale is carried out and the risks and rewards of ownership have been transferred;
- fair value gains or losses on listed shares held for trading are based on the stock market price at the reporting date;
- revenue from the provision of services are recognised when each performance obligation is satisfied, as required by IFRS 15, i.e., when the transfer of the promised goods or services has been completed and the customer has obtained control thereof. This may occur at a point in time or over time.

Revenue is measured at the fair value of the consideration receivable. If the time value of money is material and the collection date can be reliably estimated, the related financing component is recognised as financial income or expense.

Financial income and expense

Financial income and expense are recognised on an accruals basis using the effective interest rate.

Costs

Costs and other operating costs are recognised as incurred on an accruals basis and in relation to revenue when they do not generate future economic benefits or such benefits do not qualify for recognition as assets in the statement of financial position.

If, based on the payment terms, a financing component is identified, the consideration is discounted and the difference between the nominal amount and fair value is recognised as a borrowing cost.

Income taxes

Current taxes are calculated by estimating future taxable profit in accordance with enacted tax rates and regulations, considering any applicable exemptions and tax adjustments.

Deferred tax assets are recognised when it is probable that the company will earn taxable profits in future years sufficient to allow it to use them.

Deferred tax liabilities are recognised for all taxable temporary differences except those that arise on the initial recognition of goodwill.

Deferred taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases using the rates enacted when the temporary differences reverse. When they relate to items recognised through equity, the current and deferred taxes are also recognised in equity.

Value added tax

Revenue, costs and assets are recognised net of VAT, except when:

- the VAT applied to the purchase of goods or services is not deductible, in which case it is treated as being part of the purchase cost of an asset or part of the cost recognised in profit or loss;

- it relates to trade receivables and trade payables that are presented inclusive of VAT.

The net VAT amount to be recovered or settled is presented under trade receivables, if positive, or trade payables, if negative.

Earnings per share

Basic earnings per share are calculated by dividing the profit or loss for the year by the weighted average number of shares outstanding during the year, net of the treasury shares repurchased by the company during the year. To calculate diluted earnings per share, the weighted average number of outstanding shares, net of the treasury shares repurchased by the company during the year, is adjusted for the effects of all dilutive potential ordinary shares (stock options).

The profit or loss for the year is also adjusted for the post-tax effects of the assumed conversion.

Amendments to the IFRS

The company's separate financial statements have been prepared in accordance with the IFRS and related interpretations approved by the IASB and endorsed using the procedure set out in article 6 of Regulation (EC) no. 1606 of 19 July 2002.

They have been drawn up using the historical cost criterion, except for the equity investments which are recognised at their fair value.

AMENDMENTS AND NEW STANDARDS AND INTERPRETATIONS

STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2020

- Amendment to "References to the Conceptual Framework in IFRS Standards":

The IASB published this amendment on 29 March 2018. The conceptual framework defines the fundamental concepts for financial reporting. The document helps to ensure that the standards are conceptually consistent and that similar transactions are treated equally so as to provide useful information to investors, lenders and other creditors;

- Amendments to IAS 1 and IAS 8 – Definition of material:

The IASB published "Definition of material (Amendments to IAS 1 and IAS 8)", which clarify the definition of material to assist entities assess the materiality of the information to be disclosed in the financial statements.

Under the previous definition, an entity could mistakenly understand that any omission could affect the users based on the size of the information disclosed in the financial statements. The new definition clarifies that only omitted information that could reasonably influence users' economic decisions is material.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform:

The IASB amended IAS 39 and IFRS 9 to allow entities not to discontinue hedge accounting until the interest rate benchmark reform has been completed.

Specifically, the IASB has introduced exceptions to the general hedge accounting model of IAS 39 and IFRS 9 to be applied mandatorily to all hedging relationships that could be affected by the interest rate benchmark reform with respect to the following aspects:

- “Highly probable”: an entity shall not consider the potential effects of the interest rate benchmark reform when assessing whether a planned transaction is highly probable;
- “Prospective assessment”: the economic relationship between the hedged item and the hedging element shall be determined prospectively without considering the potential effects of the interest rate benchmark reform;
- “Retrospective assessment”: (solely applicable for IAS 39): an entity shall not discontinue a hedging relationship if during the uncertain period caused by the interest rate benchmark reform, the retrospective assessment of this hedging relationship falls outside the 80%-125% range.

- Amendments to IFRS 3 - Definition of a business:

In October 2018, the IASB published “Definition of a business (Amendments to IFRS 3)” to facilitate understanding whether a transaction is an acquisition of a business or a group of assets that does not meet the IFRS 3 definition of a business. The amendments clarify that an integrated set of activities and assets satisfies the definition of a business, even when it does not include all the inputs and processes necessary to create output. The assessment shall be made from the market participant’s prospective and, therefore, is not relevant whether:

- before the acquisition, the seller operated the set as a business; or
- the acquirer intends to operate the set as a business after the acquisition.

The acquisition of a business must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments also introduces an optional concentration test, that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments have been applied to acquisitions made after 1 January 2020.

- Amendments to IFRS 16 - “Leases COVID-19-related rent concessions”:

These amendments introduce a practical expedient that allows the lessee not to consider any COVID-19-related rent concessions received after 1 January 2020 as a modification to the original lease. Therefore, these concessions can be recognised as variable lease payments and not as a lease modification.

The practical expedient only applies to lessees’ rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the concession is a direct consequence of the COVID-19 pandemic and any reduction in lease payments affects only payments due on or before 30 June 2021;
- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- there is no substantive change to other terms and conditions of the lease.

These amendments have not affected the consolidated financial statements as the company’s lease payments have not been impacted by the COVID-19 pandemic.

STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE IASB AND ENDORSED WITH AN EFFECTIVE DATE AFTER 1 JANUARY 2020

- Amendments to IFRS 4 - Deferral of effective date of IFRS 9"

These amendment are designed to assist entities implement the new IFRS 17 and facilitate presentation of their financial performance. They are effective for annual periods beginning on or after 1 January 2021;

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest rate benchmark reform – Phase 2":

These amendments supplement the amendments issued in 2019 and relate to phase 2. They mostly refer to the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate by another alternative benchmark rate (replacement issue). They are designed to assist entities apply the IFRS when changes are made to contractual cash flows or hedging relationships due to interest rate reforms and to provide useful information for the users of financial statements. They are effective for annual periods beginning on or after 1 January 2021.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The IASB has issued amendments to the following standards:

- amendments to IFRS 3 "Reference to the Conceptual Framework": their objective is to (i) complete the update of the references to the Conceptual Framework for Financial Reporting in the standard, (ii) clarify the requirements for the recognition of provisions, contingent liabilities and liabilities for a levy assumed as part of a business combination at the acquisition date, (iii) specify that contingent assets may not be recognised as part of a business combination;

- amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use" to establish that proceeds from selling items produced by an asset while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management be recognised in profit or loss with the related costs;

- amendments to IAS 37 "Onerous contracts - Cost of fulfilling a contract" to clarify how to determine onerous contracts;

- "Annual Improvements to IFRS Standards 2018- 2020" including amendments mostly of a technical and presentation nature of the standards;

- IFRS 17 "Insurance contracts" is a new standard that establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. It will replace IFRS 4 "Insurance contracts" issued in 2005 and is applicable to all types of insurance contract, regardless of the type of insurance entity, as well as to certain guarantees and financial instruments with discretionary participation features;

- amendments to the classification of assets as current or non-current assets in IAS 1 to provide a more general approach to the classification of liabilities under this standard, based on contractual agreements;
- amendments to IAS 1 and IAS 8 to improve accounting policy disclosures so they provide more useful information to investors and other primary users of the financial statements, as well as to assist entities distinguish between changes in accounting estimates from changes in accounting policies.

3. FINANCIAL RISK MANAGEMENT

The company manages financial risks as an integral part of its business operations. It defines the risk categories and the operating procedures and limits for each type of transaction and/or instrument on behalf of all the group companies.

All financial instruments measured at fair value are classified at level 2 as they are priced using the mark-to-model using observable market inputs.

Given the company's role as a holding company, dealing in financial instruments is normal practice. Its core business involves investing in listed and unlisted companies and it holds on to these investments over the medium to long-term although it also engages in trading activities as is provided for in its by-laws and the ruling regulations and legislation. The company can give loans to its investees or negotiate them on their behalf to be used to finance their business plans. These loans are agreed in line with the company's objectives for returns on its investments.

The breakdown of the financial assets and liabilities required by IFRS 7 into the categories set out in IFRS 9 is set out below:

31 December 2020 (€'000)	Note	Recognised in profit or loss	HtC	Other
A - Financial assets				
Current financial assets:				
Cash and cash equivalents	13	79		85,267
Loans and other current financial assets	12	779	16,457	
Trade receivables	9		7,270	
Non-current financial assets:				
Loans and other non-current financial assets	8	6,848	144,680	

31 December 2020 (€'000)	Note	Recognised in profit or loss	Held for trading	At amortised cost
B - Financial liabilities				
Current financial liabilities:				
Accrued interest on bonds issued	18	-		(3,074)
Lease liabilities	18	-		(20)
Bank loans and borrowings	18	(298)		(13,626)
Liabilities to associates	18	-		-
Liabilities to subsidiaries and related parties	18	(53)		(948)
Derivatives	19			(2,893)
Trade payables	20			(825)
Non-current financial liabilities:				
Bank loans and borrowings	15			(5,908)
Lease liabilities	15			(16)
Bonds issued	15	(12,906)		(345,730)

31 December 2019 (€'000)	Notes	Recognised in profit or loss	HtC	Other	Total
A - Financial assets					
Current financial assets:					
Cash and cash equivalents	15	4	-	238,348	238,352
Loans and other current financial assets	14	(64)	548		484
Trade receivables	11		4,815		4,815
Non-current financial assets:					
Loans and other non-current financial assets	10	56	4,079		4,135

31 December 2019 (€'000)	Notes	Recognised in profit or loss	Held for trading	Amortised cost	Total
B - Financial liabilities					
Current financial liabilities:					
Bank loans and borrowings	22	(2,100)		(47,439)	(49,539)
Accrued interest on bonds issued	22	-		(3,074)	(3,074)
Derivatives	18	45	(3,309)		(3,264)
Trade payables	23			(9,819)	(9,819)
Non-current financial liabilities:					
Bank loans and borrowings	17	(7,506)		(175,174)	(182,680)
Bonds issued	17	(6,265)		(345,107)	(351,372)
Loans from non-controlling investors	17	(169)		(12,035)	(12,204)
Derivatives	18	112	(8,113)		(8,001)

Fair value and calculation models

A breakdown of the fair values of the categories of financial instruments by calculation model used to measure them is provided below:

The fair value of equity investments recognised at cost has not been calculated since these financial instruments do not have a market price listed on an active market.

31 December 2020 (€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
A - Financial assets				
Loans and other current financial assets	508	-	-	508
TOTAL ASSETS	508	-	-	508

31 December 2020 (€'000)	Carrying amount		Fair value
	Current	Non-current	Discounted cash flows
B - Financial liabilities			
Bank loans and borrowings	(1,593)	(5,908)	(7,783)
Bonds issued	(3,074)	(345,730)	(394,684)
Derivatives	(2,893)	-	(2,893)
TOTAL LIABILITIES	(7,560)	(351,638)	(405,360)

31/12/2019 (€'000)	Carrying amount		Fair value	
	Current	Non-current	Cost	Discounted cash flows
A - Financial assets				
Loans and other current financial assets	508	-	-	508
TOTAL ASSETS	508	-	-	508

31/12/2019 (€'000)	Carrying amount		Fair value
	Current	Non-current	Discounted cash flows
B - Financial liabilities			
Bonds issued		(3,074)	(345,107)
TOTAL LIABILITIES		(3,074)	(405,237)

Hedged risks

The company is exposed to the risks specified below in relation to its financial instrument transactions. The board of directors assesses each transaction involving a material amount in advance, regularly checks the company's risk exposure and defines the market risk management policies.

Commodity price risk

The company is principally exposed to electricity sales price volatility risk, i.e., the risk that changes in this commodity's sales price will affect its future revenue.

Its general risk management strategy for energy risks is to contain the effect of volatility caused by market price changes on its profit margins and the stability of its cash flows arising on the sale of electricity generated by its renewable power plants.

The company negotiates commodity swaps to mitigate price risk for a specific component of the specific risk embedded in the selling prices of electricity. Its related risk management objective is to protect the value of its future sales of electricity from unfavourable fluctuations in the risk component embedded in the sales price agreed with its customers.

The purpose of the hedging relationships designated as such by the company is to peg the hedged risk component tied to revenue from future highly probable electricity sales by agreeing commodity swaps.

Credit risk

The company's credit risk mainly relates to financial assets and services provided to its subsidiaries.

Credit risk related to financial assets mostly refers to the interest-bearing loans given to the subsidiaries Renergy San Marco S.r.l., Parco Eolico Licodia Eubea S.r.l., Wind Energy Sud S.r.l. and Minerva S.r.l.. The credit risk related to Alerion Energie Rinnovabili S.p.A. refers to the activities performed to provide the funding necessary for the development and sustainability of the investments made in the wind sector. The interest-bearing loans provided to the other subsidiaries listed above were granted when the company issued the bonds to facilitate the prepayment of the project financing (see the section on liquidity risk).

31 December 2020							
(€'000)	Carrying amount	Gross past-due amount				Total past due	Individual impairment losses
		within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	-	-	-	-	-	-	-
Subsidiaries	7,270	-	-	-	221	221	(221)
TOTAL	7,270	-	-	-	221	221	(221)

31 December 2019							
(€'000)	Carrying amount	Gross past-due amount				Total past due	Individual impairment losses
		within 4 months	from 5 to 8 months	from 9 to 12 months	more than one year		
Third parties	4,733	-	-	-	528	528	(528)
Subsidiaries	82	-	-	-	-	-	-
Total trade receivables	4,815	-	-	-	528	528	(528)

The fact that the company's finance and treasury unit provides a centralised service to the group companies reduces their exposure to credit risk. The unit monitors compliance with the financial parameters set in the project financing agreements of the special purpose entities (SPEs) for their individual investment plans.

The following table breaks down trade receivables only, since none of the other financial assets are past due or have been impaired at the reporting date:

Liquidity risk

Liquidity risk is the risk that the company may encounter difficulties in finding the financial resources necessary to meet its contractual obligations at market conditions.

It may arise as a result of a lack of available resources to meet financial obligations according to the established terms and deadlines in the event of a sudden withdrawal of non-revolving credit lines or if the company is required to settle its financial liabilities before their natural maturity.

On **10 May 2018**, the company's board of directors approved the issue of bonds with a minimum and maximum nominal amount of €130,000,000 and €160,000,000, respectively, the "Alerion Clean Power S.p.A. 2018-2024 bonds" (the "2018-2024 bonds") to be firstly used to voluntarily prepay the "Alerion Clean Power S.p.A. 2015-2022 bonds" (the "2015-2022 bonds") and then to fund future investments. The offering period for the 2018-2024 bonds was closed on **26 June 2018**. Fre-El Green Power S.p.A. (which controls Alerion) directly and indirectly subscribed roughly 14.6% of the 150,000,000 bonds subscribed for €150,000,000. The bonds' gross annual nominal fixed interest rate is 3.75%. Their offering price was 100.00% of their nominal amount. The issue date, payment date and coupon detachment date of the bonds subscribed as part of the offering were 29 June 2018.

On **23 September 2019**, the company's board of directors commenced the preliminary activities to issue bonds of between €150,000,000 and €200,000,000 in order to fund the group's future growth and optimise its financial structure.

On **3 December 2019**, the company resolved to issue non-convertible unsubordinated bonds with a minimum and maximum amount of €150,000,000 and €200,000,000, respectively. These green bonds were to be placed with the market in Italy as well as qualified investors in Italy and abroad. The bonds have a six-year maturity, starting from their issue date and a fixed interest rate of at least 3% pa. The bonds' issue price was exactly equal to their nominal amount of €1,000.00.

The offering opened on 6 December 2019 and closed on 12 December 2019 with the placement of bonds with a total nominal amount of €200,000,000. Their annual interest rate is 3.125% and the interest to be paid amounts to €6,250,000. The offering's gross proceeds were €200,000,000.

Institutional investors subscribed roughly 66% of the bonds while retail investors subscribed the other approximate 34%.

The company can decide to redeem the bonds after the third year.

As a result of these bond issues, the company's debt repayments are nearly all long-term. Its short-term credit lines are equal to around 12% of the bonds at the reporting date.

The company has sufficient liquidity and undrawn bank credit lines to meet temporary cash requirements, make approved investments and cover the potential risk of being required to repay non-revolving credit lines, through the group's centralised treasury management.

The maturity analysis set out below presents estimated future cash flows based on the earliest period in which the company can be required to pay. The underlying assumptions are as follows:

- cash flows are not discounted;
- cash flows are allocated to time bands on the basis of the earliest contractual maturity (worst case scenario);

- all instruments held at the reporting date for which payments have already been contractually designated are included; future commitments planned but not yet recognised in the consolidated financial statements are not included;
- when the amount payable is not fixed (e.g., interest), the cash flows are determined by reference to the conditions existing at the reporting date (forward rates);
- cash flows include both principal and interest accruing up to the maturity of the financial liabilities recognised at the reporting date.

(€'000)		Liquidity analysis - 2020									
Note		Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
15 - 18	Bonds issued	(348,804)	-	(5,625)	(6,250)	(11,875)	(11,875)	(161,875)	(206,250)	-	(403,750)
18	Liabilities to subsidiaries and related parties	(948)	-	(948)	-	-	-	-	-	-	(948)
15 - 18	Bank loans and borrowings	(19,534)	(12,033)	(861)	(861)	(1,722)	(1,722)	(1,162)	(882)	(661)	(19,904)
19	Derivatives	(2,893)	-	-	(2,893)	-	-	-	-	-	(2,893)
20	Trade payables	(825)	-	(825)	-	-	-	-	-	-	(825)
Total		(373,004)	(12,033)	(8,259)	(10,004)	(13,597)	(13,597)	(163,037)	(207,132)	(661)	(428,320)

(€'000)		Liquidity analysis - 2019									
Notes	Instruments	Carrying amount	on demand	within 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 3 years	from 3 to 4 years	from 4 to 5 years	after 5 years	Total cash flows
15-18	Bonds issued	(348,181)	-	(5,625)	(6,250)	(11,875)	(11,875)	(11,875)	(161,875)	(206,250)	(415,625)
18	Liabilities to subsidiaries and associates	(948)	-	(948)	-						(948)
15-18	Bank loans and borrowings	(18,999)	(16,312)	(420)	(420)	(840)	(840)	-	-	-	(18,832)
20	Trade payables	(1,287)	-	(1,287)	-	-	-	-	-	-	(1,287)
	Total	(369,415)	(16,312)	(8,280)	(6,670)	(12,715)	(12,715)	(11,875)	(161,875)	(206,250)	(436,692)

Interest rate risk

The company's exposure to interest rate risk, mainly arising on its bank loans and borrowings and caused by the volatile Euribor curve, is immaterial at 31 December 2020. This is because it only makes limited resort to corporate credit lines after the bond issues.

Sensitivity analysis

The company carried out a sensitivity analysis of its financial instruments exposed to interest rate risk at the reporting date. The model's underlying assumptions are as follows:

- interest on current account and loans to subsidiaries is recalculated by applying a change of -100/-25 bps multiplied by the carrying amounts and for an interval equal to the year;

- interest on loans and borrowings with repayment plans is recalculated by applying a change of +100/-25 bps to the financial liability's interest rate at each re-fixing date, multiplied by the residual principal of the year.

Alerion Clean Power S.p.A. - Sensitivity Analysis 2020

(€'000) 31 December 2020	2020 profit or loss		2019 profit or loss	
	+ 100bp Euribor	-25bp Euribor	+ 100bp Euribor	-25bp Euribor
Bonds issued	(3,500)	875	(3,500)	875
Liabilities to subsidiaries and related parties	9	(2)	9	(2)
Liabilities to associates				
Derivatives	29	(7)		
Bank current account facilities	195	(49)	190	(47)
Loans to subsidiaries	1,611	(403)	1,914	(478)
Bank current account deposits	-	-	-	-
Total	(1,656)	414	(1,387)	348

NON-CURRENT ASSETS

4. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

They amount to €1 thousand (€5 thousand at 31 December 2019) and mostly comprise costs incurred to purchase software. The decrease chiefly refers to amortisation (€4 thousand).

5. PROPERTY, PLANT AND EQUIPMENT

This caption of €77 thousand (€46 thousand at 31 December 2019) comprises telephone systems, furniture and office electronic equipment. The increase is mostly due to the purchase of a car (€48 thousand) and the decrease arising from the alignment of the carrying amount of assets recognised in accordance with IFRS 16 (€8 thousand) and the related depreciation (€9 thousand).

6. INVESTMENTS IN SUBSIDIARIES

This caption amounts to €290,445 thousand compared to €161,591 thousand at 31 December 2019 and comprises:

(€'000)	31.12.2020			31.12.2019		
	No. of shares/ quotas	Nominal amount	Carrying amount	No. of shares/ quotas	Nominal amount	Carrying amount
Alerion Servizi Tecnici e Sviluppo S.r.l.	100%	100	713	100%	100	713
Alerion Bioenergy S.r.l. in liquidation	100%	10	-	100%	10	0
Alerion Real Estate S.r.l. in liquidation	100%	90	673	100%	90	673
FRI-EL Albareto S.r.l.	100%	10	5,200	100%	10	4,700
Green Energy Sardegna S.r.l.	100%	10	7,700	100%	10	7,700
Eolica PM S.r.l.	100%	20	17,950	100%	20	17,950
Callari S.r.l.	100%	1,000	9,982	100%	1,000	6,064
Dotto S.r.l.	100%	10	7,724	100%	10	7,724
Alerion Spain S.L.	51%	100	58	51%	100	58
Eolo S.r.l.	100%	750	3,418	100%	750	3,418
Krupen Wind S.r.l.	100%	10	166	100%	10	116
Minerva S.r.l.	100%	14	10,079	100%	14	10,079
Ordona Energia S.r.l.	100%	435	7,965	100%	435	6,365
Parco Eolico Licodia Eubea S.r.l.	80%	100	5,508	80%	100	5,508
Renergy San Marco S.r.l.	100%	108	18,690	100%	108	18,690
Wind Power Sud S.r.l.	100%	10	31,789	100%	10	8,614
FRI-EL Ichnusa S.r.l.	100%	10	59,719	100%	10	59,719
Anemos Wind S.r.l.	100%	50	3,500	100%	50	3,500
FW Holding S.r.l.	100%	100	70,000	0%	-	-
FRI-EL Nulvi Holding S.r.l.	90%	3,000	19,800	0%	-	-
Alerion Iberia S.L.	100%	50	50	0%	-	-
Naonis Wind S.r.l.	100%	20	911	0%	-	-
Enermac S.r.l.	100%	40	8,850	0%	-	-
Alerion Romania S.A. in liquidation	95%	100 RON	-	95%	100 RON	-
Alerion Bulgaria A.D.	92.5%	50 LEV	-	92.5%	50 LEV	-
Total investments in subsidiaries			290,445			161,591

The increase in the caption is mostly due to i) the acquisition of FW Holding S.r.l. (€70,000 thousand), Fri-El Nulvi Holding S.r.l. (€19,800 thousand), Enermac S.r.l. (€8,550 thousand), and Naonis Wind S.r.l. (€911 thousand); ii) the incorporation of Alerion Iberia S.L. (€50 thousand); iii) waiver of repayment of loans given to Fri El Albareto S.r.l. (€500 thousand), Callari S.r.l. (€3,917 thousand), Ordonia Energia S.r.l. (€1,600 thousand), Wind Power Sud S.r.l. (€23,175 thousand), Krupen Wind S.r.l. (€50 thousand) and Enermac S.r.l. (€300 thousand).

The list of the company's subsidiaries at the reporting date and the information required by article 2427.5 of the Italian Civil Code is provided later.

Alerion Servizi Tecnici e Sviluppo S.r.l.

Alerion Servizi Tecnici e Sviluppo S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	100
Investment percentage	100%
2020 profit	6,878
Equity at 31 December 2020 (including the profit for the year)	7,183
Carrying amount	713

Alerion Servizi Tecnici e Sviluppo S.r.l. is the group's operating company active in the wind farm engineering and construction sector. It leverages the group's development and construction experience gained over the years.

In 2020, the subsidiary continued to develop its investee, Enermac S.r.l., which has a building permit for a wind farm in Orta Nova. As already provided for in the group's 2019-2021 business plan, approved by the company's board of directors on 15 November 2018, Alerion Servizi Tecnici e Sviluppo S.r.l. sold its investment in Enermac S.r.l. to the company during the year to allow development of its project.

In 2020, the subsidiary continued to manage projects it is directly involved in and those of its investees. It also provided technical assistance and support to the group operating companies. At year end, Alerion's investment in the subsidiary has a carrying amount of €713 thousand, net of accumulated impairment losses of €3,857 thousand.

Alerion Bioenergy S.r.l. in liquidation

Alerion Bioenergy S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	10
Investment percentage	100%
2020 loss	(7)
Deficit at 31 December 2020 (including the loss for the year)	(33)
Carrying amount	-

During the year, this subsidiary continued with its winding up activities approved on 12 April 2017.

The provisions for future risks and charges includes an accrual of €35 million to cover the subsidiary's accumulated losses.

Alerion Real Estate S.r.l. in liquidation

Alerion Real Estate S.r.l. in liquidation	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	90
Investment percentage	100%
2020 loss	(4)
Equity at 31 December 2020 (including the loss for the year)	657
Carrying amount	673

During the year, this subsidiary continued with its winding up activities approved on 27 April 2006.

At year end, Alerion's investment in the subsidiary has a carrying amount of €673 thousand, net of accumulated impairment losses of €317 thousand.

FRI-EL Albareto S.r.l.

Fri-El Albareto S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	10
Investment percentage	100%
2020 profit	95
Equity at 31 December 2020 (including the profit for the year)	1,435
Carrying amount	5,200

Fri-El Albareto S.r.l. owns a wind farm with installed capacity of 19.8 MW in the municipality of Albareto in Emilia-Romagna. The farm's construction was completed on 27 June 2019 and it commenced operations. The subsidiary entered into a €22.3 million project financing agreement with a bank syndicate comprising UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit S.p.A. also acting as the agent bank.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2020 electricity production was 35,938 MWh compared to 75,856 MWh in 2019.

At year end, Alerion's investment in this subsidiary has a carrying amount of €5,200 thousand.

Green Energy Sardegna S.r.l.

Green Energy Sardegna S.r.l.	(€'000)
<i>Registered office: Cagliari, Via Santa Eulalia 1</i>	
Quota capital	10
Investment percentage	100%
2020 profit	260
Equity at 31 December 2020 (including the profit for the year)	721
Carrying amount	7,700

Green Energy Sardegna S.r.l. owns a wind farm with installed capacity of 30.8 MW in the municipalities of Villacidro and San Gavino Monreale in Sardinia. Construction was completed on 31 January 2019 and the wind farm became operational.

The subsidiary entered into a €33 million project financing agreement with UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit s.p.A. also acting as the agent bank.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2020 electricity production was 65,552 MWh compared to 75,856 MWh in 2019.

At year end, Alerion's investment in this subsidiary has a carrying amount of €7,700 thousand.

Eolica PM S.r.l.

Eolica PM S.r.l.	(€'000)
<i>Registered office: Bolzano, Piazza del Grano 3</i>	
Quota capital	20
Investment percentage	100%
2020 profit	2,343
Equity at 31 December 2020 (including the profit for the year)	1,888
Carrying amount	17,950

Eolica P.M. S.r.l. owns a wind farm with installed capacity of 51.75 MW in the municipalities of Morcone and Pontelandolfo in Campania. Construction was completed on 1 August 2019 and the wind farm became operational.

The subsidiary entered into a €53.2 million project financing agreement with a bank syndicate comprising UniCredit S.p.A. and Natixis - Milan branch as structuring MLA and hedging banks and UniCredit Ss.p.A. also acting as the agent bank.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

2020 electricity production was 128,250 MWh compared to 44,925 MWh in 2019.

At year end, Alerion's investment in this subsidiary has a carrying amount of €17,950 thousand.

Callari S.r.l.

Callari S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	1,000
Investment percentage	100%
2020 loss	(415)
Equity at 31 December 2020 (including the loss for the year)	6,852
Carrying amount	9,982

Callari S.r.l. owns a wind farm with installed capacity of 36 MW in the province of Catania. It entered into a €63 million project financing agreement with Monte dei Paschi, Interbanca and BBVA in 2008.

In 2020, it continued its business commenced in February 2009 of producing electricity from wind energy with an output of 45,306 MWh compared to 56,953 MWh in 2019.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

The subsidiary exercised the option to prepay its project financing.

At year end, Alerion's investment in this subsidiary has a carrying amount of €9,982 thousand.

Dotto S.r.l.

Dotto S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	10
Investment percentage	100%
2020 profit	84
Equity at 31 December 2020 (including the profit for the year)	7,187
Carrying amount	7,724

Dotto S.r.l. owns a wind farm with installed capacity of 20 MW in the municipality of Ciorlano (CE). In 2020, it continued to produce electricity from wind energy with an output of 14,980 MWh compared to 18,816 MWh in 2019.

At year end, Alerion's investment in the subsidiary has a carrying amount of €7,724 thousand, net of accumulated impairment losses of €8,955 thousand.

Eolo S.r.l.

Eolo S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	750
Investment percentage	100%
2020 loss	(273)
Equity at 31 December 2020 (including the loss for the year)	419
Carrying amount	3,418

Eolo S.r.l. owns a wind farm with installed capacity of 8.5 MW in the municipality of Abanella (SA). In 2020, it continued to produce electricity from wind energy with an output of 9,074 MWh compared to 9,876 MWh in 2019.

Its eligibility for the feed-in tariff scheme ended in February 2016.

At year end, Alerion's investment in this subsidiary has a carrying amount of €3,418 thousand, net of accumulated impairment losses of €1,031 thousand.

Minerva S.r.l.

Minerva S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	14
Investment percentage	100%
2020 profit	265
Equity at 31 December 2020 (including the profit for the year)	5,392
Carrying amount	10,079

Minerva S.r.l. owns a wind farm with installed capacity of 22.9 MW in the province of Messina. It started operations in June 2010.

In 2020, it continued its business of producing electricity from wind energy with an output of 29,759 MWh compared to 39,378 MWh in 2019.

At year end, Alerion's investment in this subsidiary has a carrying amount of €10,079 thousand, net of accumulated impairment losses of €7,634 thousand.

Ordona Energia S.r.l.

Ordona Energia S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	435
Investment percentage	100%
2020 loss	(1,899)
Equity at 31 December 2020 (including the loss for the year)	8,781
Carrying amount	7,965

Ordonia Energia S.r.l. owns a wind farm with installed capacity of 34 MW in the province of Ordonia (FG). It started operations in May 2009.

In 2020, it continued its business of producing electricity from wind energy with an output of 57,706 MWh compared to 63,780 MWh in 2019.

The subsidiary entered into a €69 million project financing agreement with GE Capital Interbanca S.p.A. (formerly Interbanca), Intesa San Paolo S.p.A. (formerly Banca Infrastrutture Innovazione e Sviluppo S.p.A.), UBI Banca (formerly Centrobanca), Banco Popolare Soc Coop (formerly Efibanca) and Natixis SA in 2008.

On 29 January 2018, the bank syndicate waived its rights arising from the subsidiary's non-compliance with the covenants at 31 December 2016, 30 June 2017 and 31 December 2017 and the subsidiary prepaid €4,000,000 on 31 January 2018.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

The subsidiary exercised the option to prepay its project financing.

At year end, Alerion's investment in this subsidiary has a carrying amount of €7,965 thousand.

Parco Eolico Licodia Eubea S.r.l.

Parco Eolico Licodia Eubea S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	100
Investment percentage	80%
2020 profit	109
Equity at 31 December 2020 (including the profit for the year)	4,364
Carrying amount	5,508

Parco Eolico Licodia Eubea S.r.l. owns a wind farm, which became operative in September 2010, with installed capacity of 28 MW in the municipality of Licodia Eubea (CT). The other quotaholder Nova Energia S.r.l. has a 20% interest.

In 2020, the subsidiary continued its business of producing electricity from wind energy with an output of 27,808 MWh compared to 34,617 MWh in 2019.

At year end, Alerion's investment in this subsidiary has a carrying amount of €5,508 thousand, net of accumulated impairment losses of €8,161 thousand.

Renergy San Marco S.r.l.

Renergy San Marco S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	108
Investment percentage	100%
2020 profit	2,752
Equity at 31 December 2020 (including the profit for the year)	23,325
Carrying amount	18,690

Renergy San Marco S.r.l. owns a wind farm, which became operative in July 2009, with installed capacity of 44.2 MW in the municipality of San Marco in Lamis (FG).

In 2020, it continued its business of producing electricity from wind energy with an output of 61,969 MWh compared to 66,004 MWh in 2019.
At year end, Alerion's investment in this subsidiary has a carrying amount of €18,690 thousand.

Wind Power Sud S.r.l.

Wind Power Sud S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	10
Investment percentage	100%
2020 profit	3,611
Equity at 31 December 2020 (including the profit for the year)	30,534
Carrying amount	31,789

Wind Power Sud S.r.l. owns a wind farm with installed capacity of 34 MW in the municipalities of Agrigento and Naro (AG).
In 2020, it continued its business of producing electricity from wind energy with an output of 47,003 MWh compared to 50,806 MWh in 2019.
At year end, Alerion's investment in this subsidiary has a carrying amount of €31,789 thousand, net of accumulated impairment losses of €650 thousand.

FRI-EL Ichnusa S.r.l.

FRI-EL Ichnusa S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	10
Investment percentage	100%
2020 profit	4,829
Equity at 31 December 2020 (including the profit for the year)	24,905
Carrying amount	59,719
Equity of the subsidiaries at 31 December 2020 (including the profit for the year)	28,461

Fri-El Ichnusa S.r.l. is a holding company that wholly owns Fri-El Campidano S.r.l., which has a wind farm with installed capacity of 70 MW in the municipality of Campidano (SU).

The subsidiary was acquired for a consideration of €59,719 thousand, equal to the investment's carrying amount at year end, on 1 August 2019.

Anemos Wind S.r.l.

Anemos Wind S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	50
Investment percentage	100%
2020 loss	(1,207)
Equity at 31 December 2020 (including the loss for the year)	11,468
Carrying amount	3,500

Anemos Wind S.r.l. owns a wind farm with installed capacity of 50 MW in Regalbuto (EN). 2020 electricity production was 50,299 MWh compared to 61,096 MWh in 2019. Alerion acquired this subsidiary in a bankruptcy auction for €3,500 thousand (equal to the investment's carrying amount at year end) on 14 November 2019.

Krupen Wind S.r.l.

Krupen Wind S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	10
Investment percentage	100%
2020 loss	(8)
Equity at 31 December 2020 (including the loss for the year)	3
Carrying amount	166
Equity of the subsidiaries at 31 December 2020 (including the loss for the year)	4,155

Krupen Wind S.r.l., set up on 11 January 2013, produces electricity from renewable sources. Through its 51% interests in four SPEs acquired on 19 December 2013, it owns an operating wind farm in Krupen (Bulgaria) with installed capacity of 12 MW. At year end, Alerion's investment in this subsidiary has a carrying amount of €166 thousand.

Alerion Spain S.L.

Alerion Spain S.L.	(€'000)
<i>Registered office: Barcelona, Calle Angli 31 - Spain</i>	
Share capital	100
Investment percentage	51%
2020 loss	(165)
Deficit at 31 December 2020 (including the loss for the year)	(59)
Carrying amount	58
Equity of the subsidiaries at 31 December 2020 (including the loss for the year)	6,846

The company set up this Spanish subsidiary on 16 January 2019 to acts as a holding company. It indirectly owns the Spanish company Comiolica S.L., which has a wind farm with installed capacity of 36 MW in the municipality of Aliaga (Teruel, Spain).

FW Holding S.r.l.

FW Holding S.r.l.	(€'000)
<i>Registered office: Via della Rena 20 - 39100 Bolzano</i>	
Quota capital	100
Investment percentage	100%
2020 profit	7,341
Equity at 31 December 2020 (including the profit for the year)	49,325
Carrying amount	70,000
Deficit of the subsidiaries at 31 December 2020 (including the profit for the year)	(97,309)

On 27 February 2020, the company approved the acquisition of 100% of FW Holding S.r.l., which owns two operating wind farms with total installed capacity of 90 MW located in the municipalities of Ricigliano (SA) and Grottole (MT). The transaction involved the acquisition of their 50% investments in FW Holding S.r.l. from Winco Energreen S.p.A. and Fri-El Green Power S.p.A. for a consideration of €70,000 thousand.

FRI-EL Nulvi Holding S.r.l.

FRI-EL Nulvi Holding S.r.l.	(€'000)
<i>Registered office: Piazza del grano, 3 - 39100 Bolzano</i>	
Quota capital	3,000
Investment percentage	90%
2020 profit	2,779
Equity at 31 December 2020 (including the profit for the year)	21,485
Carrying amount	19,800
Equity of the subsidiaries at 31 December 2020 (including the profit for the year)	21,462

On 27 February 2020, the company approved the acquisition of 90% of Fri-El Nulvi Holding S.r.l. ("Nulvi"), which owns an operating wind farm with total installed capacity of 29.75 WM located in the municipalities of Nulvi and Tergu (SS). Specifically, Alerion acquired 60% from Fri-El Green Power S.p.A. and 30% from BBL S.r.l. paying €19,800 thousand.

Alerion Iberia S.L.

Alerion Iberia S.L.	(€'000)
<i>Registered office: Carre Angli, 31 - 08017 Barcelona, Spain</i>	
Share capital	50
Investment percentage	100%
2020 profit	2
Deficit at 31 December 2020 (including the profit for the year)	(47)
Carrying amount	50

Alerion set up this subsidiary with a share capital of €50 thousand on 29 April 2020.

Naonis Wind S.r.l.

Naonis Wind S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	20
Investment percentage	100%
2020 loss	(108)
Equity at 31 December 2020 (including the loss for the year)	914
Carrying amount	911

On 22 October 2020, the company acquired 100% of Naonis Wind S.r.l., which has a permit to build a wind farm in the municipality of Cerignola (FG). On 26 January 2021, the subsidiary was awarded 12.6 MW of new renewable capacity in the FER (renewable energy sources) auction called by the Italian energy services operator, Gestore Servizi Energetici S.p.A. ("GES"). This means it is eligible for a feed-in tariff of €68.5/MWh for 20 years.

The wind farm's construction is slated to start in the first half of 2021 and it will have total installed capacity of 12.6 MW for an annual output of around 26 GWh/year. Alerion paid €911 thousand to acquire the investment.

Enermac S.r.l.

Enermac S.r.l.	(€'000)
<i>Registered office: Milan - Viale Majno 17</i>	
Quota capital	40
Investment percentage	100%
2020 loss	(149)
Deficit at 31 December 2020 (including the loss for the year)	(98)
Carrying amount	8,850

On 15 December 2020, the company acquired 100% of Enermac S.r.l. from Alerion Servizi Tecnici e Sviluppo S.r.l. for a consideration of €8,550 thousand and the related quotaholder loan of €1,450 thousand.

Enermac S.r.l. will build two new wind farms in the municipality of Orta Nova (FG) (in the "La Ficora" and "Tre Confini" areas) with installed capacity of 27.2 MW and 23.8 MW, respectively. On 29 May 2020, the subsidiary was awarded 51 MW of new renewable capacity for the two wind farm projects in the FER auction called by GES. The expected annual production is around 130 GWh. Enermac S.r.l. will be eligible for a feed-in tariff of €68.25/MWh for 20 years. Both wind farms are expected to become operative by the end of 2021.

Alerion Romania S.A. in liquidation

Alerion Romania S.A. in liquidation	(€'000)
<i>Registered office: Oradea, Cetatii square n.1, Bihor County, Romania</i>	
Share capital	RON100
Investment percentage	95%
2020 profit	-
Deficit at 31 December 2020 (including the profit for the year)	(1,591)
Carrying amount	-

Alerion Romania S.A. is a Romanian company 95% owned by Alerion. It was put into liquidation in 2014 and the related procedures were completed during the year. Although the subsidiary has a deficit at 31 December 2020, this situation does not have to be remedied under applicable Romanian law.

The company wrote off its equity investment in previous years and has also written off the loan of €2,993 thousand which could be used to reconstitute the subsidiary's equity should Alerion waive its right to repayment.

Alerion Bulgaria OOD

Alerion Bulgaria OOD	(€'000)
<i>Registered office: Sofia, 6th Septemvri str. 6A, Bulgaria</i>	
Share capital	LEV50
Investment percentage	92.50%
2020 loss	(22)
Deficit at 31 December 2020 (including the loss for the year)	(92)
Carrying amount	-

Alerion Bulgaria OOD S.A. is a Bulgarian company 95% owned by Alerion. Although it has a deficit at year end, this situation does not have to be remedied under applicable Bulgarian law.

Alerion had written off its equity investment in previous years.

Impairment test

As required by IAS 36, the company's board of directors approved the performance of an impairment test in its meeting of 11 March 2021. The scope of such test was to confirm that the carrying amount of the company's investments in subsidiaries, joint ventures and associates was higher than their recoverable amount at the reporting date.

At each reporting date, the company assesses whether there is any indication that an equity investment may be impaired. If there is any indication of impairment, it estimates the recoverable amount of the asset.

When assessing the existence of an indication of impairment, the company considers information from both internal and external sources. Specifically, potential impairment indicators have been identified as medium to long-term price scenarios and the difference between the investments' carrying amounts and the company's share of their net equity. Impairment testing did not include the investments in companies that directly or indirectly hold the operating wind forms, i.e., the subsidiaries Fri-El Nulvi Holding S.r.l. and FW Holding S.r.l. and the associates Fri-El Anzi Holding S.r.l., Fri-El Guardionara S.r.l. and Andromeda Wind S.r.l., which were acquired by the company during the year. Their carrying amount was checked during the year as they were acquired at their acquisition-date fair value. No indicators of impairment had been identified.

In accordance with the provisions of IAS 36 "Impairment of assets", the company estimated the equity investments' recoverable amounts on the basis of their economic value, considering the future cash flows that the investees can generate. On the basis of the company's strategic and organisational decisions, in testing these assets, the company made reference to the individual projects/plants, each of which is identifiable with a company. These companies represent the smallest identifiable cash-generating units, as the assets tested for impairment are not able to generate cash inflows independently of those arising from other assets or groups of assets held by the individual companies.

The company estimated the operating companies' economic value using a cash flow plan determined according to the assets' expected useful lives net of debt existing at the measurement date. Given the particular type of business, which involves investments with returns over the medium term and cash flows over a long-term time horizon, the plan period exceeds five years. In particular, in order to determine the recoverable amount of the wind

farms, the company discounted the operating cash flows - which take account of investment levels suitable for maintaining the operational efficiency of the plants - to present value on the basis of the term of the various projects' concessions, on average 29 years after the start of production.

The cash flow projections are based on the following assumptions:

- expected production of wind farms based on the historical productivity averages of individual farms;
- expected selling prices extrapolated from market projections for the electricity price curve. With regard to the feed-in tariffs, however, the company made reference to the sector regulatory requirements;
- production costs deriving from historical analyses or standard costs of comparable projects;
- investments to ensure the normal operation of plants (refitting) assumed on the basis of internal estimates;
- terminal value: the sale price estimated by discounting net cash flows after the explicit period of 20 years, reduced by 20%.

The operating companies' individual plans were approved by the relevant sole director or board of directors, as the case may be.

The company discounted the resulting post-tax cash flows at a rate reflecting the weighted average cost of capital (WACC) invested. This rate was 4.52% in Italy (4.84% at 31 December 2019) and 4.22% in Spain (4.53% at 31 December 2019), also calculated net of tax.

Company management estimated the possible tax on gains implicit in the equity investments on a participation exemption basis.

The impairment test showed that the equity investments' carrying amount matched their recoverable amounts and, therefore, the company did not recognise any impairment losses.

Sensitivity analysis

Impairment testing is based on information currently available and reasonable estimates of, inter alia, trends in wind, electricity prices, production costs and interest rates. In this context, the company performed a sensitivity analysis of the recoverable amount of the equity investments, assuming a reduction in electricity selling prices and an increase in the discount rate. In particular, with regard to the volatility of electricity prices which has characterised the electricity market in recent years, the following sensitivity analyses were carried out with regard to the "base case", with electricity prices 5% lower and a discount rate 0.5 percentage points higher.

Specifically:

- in the event of a 5% reduction in electricity prices over the plan period, the carrying amount of these assets would decrease by approximately €0.5 million compared to the "base case", which shows no change in the carrying amount;
- in the event of a 0.5 percentage point increase in the discount rate, the carrying amount of the assets would decrease by around €0.3 million compared to the "base case", which shows no change in the carrying amount.

The directors carefully monitor any changes in the above external variables that the company cannot control in order to adjust estimates about the recoverable amounts of the equity investments.

The company based its assessment of the recoverable amount of non-current assets on the most recent budgets and business plans, whose underlying internal and market assumptions defined considering the ongoing public health emergency. However, the sensitivity analyses consider the negative impact of the Covid-19 pandemic on the economy, especially a reduction in energy prices in the short term or an increase in the discount rate (WACC). This scenario, still permeated by a high degree of estimation uncertainty, would not lead to worse results than those envisaged in the above sensitivity analyses. In any case, a reduction in electricity prices would be partially offset in the following year by an increase in the feed-in tariff paid by the Italian energy services operator, where applicable, due to the construction of the relevant formula.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates amount to €45,646 thousand (€16,646 thousand at 31 December 2019) as follows:

(€'000)	31.12.2020			31.12.2019		
	No. of shares/quotas	Nominal amount	Carrying amount	No. of shares/quotas	Nominal amount	Carrying amount
□						
New Green Molise S.r.l.	50%	10	14,240	1	10	14,240
Ecoenergia Campania S.r.l.	50%	100	2,406	1	100	2,406
Andromeda Wind S.r.l.	49%	465	11,500	-	-	0
FRI-EL Anzi Holding S.r.l.	49%	10	8,000	-	-	0
FRI-EL Guardionara S.r.l.	49%	10	9,500	-	-	0
Total investments in joint ventures and associates			45,646			16,646

The company tested the investments in the joint ventures New Green Molise S.r.l. and Ecoenergia Campania S.r.l. for impairment, as described in the section on impairment testing above.

The list of the company's associates at the reporting date and the information required by article 2427.5 of the Italian Civil Code is provided below.

New Green Molise S.r.l.

New Green Molise S.r.l.	(€'000)
<i>Registered office: Napoli, Via Diocleziano 107</i>	
Quota capital	10
Investment percentage	50%
2020 profit	2,648
Equity at 31 December 2020 (including the profit for the year)	28,979
Portion attributable to the company	14,490
Carrying amount	14,240

New Green Molise S.r.l. owns a wind farm in San Martino in Pensilis in the province of Campobasso, with installed capacity of 58 MW. The wind farm has been operational since October 2010.

It entered into a €93,400,000 project financing agreement with Intesa San Paolo S.p.A. (formerly Banca Infrastrutture Innovazione e Sviluppo S.p.A.), UniCredit S.p.A. (formerly Unicredit Medio Credito Centrale S.p.A.), Banca Popolare dell'Emilia Romagna SC (formerly Meliobanca S.p.A.), UBI S.c.p.A. (formerly Centrobanca Banca di Credito finanziario e Mobiliare S.p.A.) in 2010. It prepaid €9,255,757 of this loan in 2013.

In 2020, the associate continued its business of producing electricity from wind energy with an output of 100,595 MWh compared to 111,954 MWh in 2019.

It has been able to repay its instalments in line with the repayment schedule thanks to its performance.

At year end, Alerion's investment in this associate has a carrying amount of €14,240 thousand.

Ecoenergia Campania S.r.l.

Ecoenergia Campania S.r.l.	(€'000)
<i>Registered office: Cervinara, Via Cardito 14</i>	
Quota capital	100
Investment percentage	50%
2020 profit	968
Equity at 31 December 2020 (including the profit for the year)	7,854
Portion attributable to the company	3,927
Carrying amount	2,406

Ecoenergia Campania S.r.l. owns a wind farm with installed capacity of 15 MW in Lacedonia in the province of Avellino. In 2020, it continued its business of producing electricity from wind energy with an output of 20,786 MWh compared to 24,686 MWh in 2019.

At year end, Alerion's investment in this associate has a carrying amount of €2,406 thousand.

New equity investments acquired in 2020

In December 2020, the company acquired Fri-El Green Power S.p.A.'s investments in Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardiona S.r.l. (49% each) by:

- i. entering into an agreement to acquire 13.3% of the three companies against the exchange of 1,123,227 treasury shares held in portfolio on 15 December 2020;
- ii. carrying out a capital increase in kind of €21,137,410, including the premium (excluding the rights of first refusal as per article 2441.4.1 of the Italian Civil Code), by issuing 3,019,630 new Alerion shares, approved by its shareholders on 15 December 2020, to be paid for by Fri-El Green Power S.p.A. through the contribution of 35.7% of the three companies' quota capital.

Information about the three acquirees is provided below.

FRI-EL Andromeda S.r.l.

Andromeda Wind S.r.l.	(€'000)
<i>Piazza del grano, 3 - 39100 Bolzano</i>	
Quota capital	465
Investment percentage	49%
2020 profit	2,229
Equity at 31 December 2020 (including the profit for the year)	10,651
Portion attributable to the group	5,219
Carrying amount	11,500

Fri-El Andromeda S.r.l. owns a wind farm with installed capacity of 26 MW in the municipality of Ururi (CB). In 2020, it continued its business of producing electricity from wind energy with an output of 47,674 MWh.

The cost to acquire the investment therein was €11,500 thousand.

FRI-EL Anzi Holding S.r.l.

FRI-EL Anzi Holding S.r.l.	(€'000)
<i>Piazza del grano, 3 - 39100 Bolzano</i>	
Quota capital	10
Investment percentage	49%
2020 profit	855
Equity at 31 December 2020 (including the profit for the year)	6,997
Portion attributable to the company	3,429
Carrying amount	8,000
Equity of the subsidiaries at 31 December 2020 (including the profit for the year)	8,209

Fri-El Anzi Holding S.r.l. wholly owns Fri-El Anzi S.r.l., which in turn owns a wind farm in the Cupolicchio - Acqua La Pila area of the municipality of Anzi (PZ), with installed capacity of 16 MW. It became operational in 2011.

FRI-EL Guardionara S.r.l.

FRI-EL Guardionara S.r.l.	(€'000)
<i>Piazza del grano, 3 - 39100 Bolzano</i>	
Quota capital	10
Investment percentage	49%
2020 profit	1,640
Equity at 31 December 2020 (including the profit for the year)	10,868
Portion attributable to the company	5,325
Carrying amount	9,500

Fri-El Guardionara S.r.l. owns a wind farm, which became operational in 2010, with installed capacity of 24.65 MW in the municipalities of San Basilio and Siurgus Donigal (CA). In 2020, it continued its business of producing electricity from wind energy with an output of 39,204 MWh.

8. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

This caption amounts to €144,680 thousand (€176,203 thousand at 31 December 2019) and comprises loans given to: i) Callari S.r.l. (€9,785 thousand); ii) Naonis Wind S.r.l. (€210 thousand); iii) Dotto S.r.l. (€2,647 thousand); iv) Eolica PM S.r.l. (€13,471 thousand); v) Fri-El Albareto S.r.l. (€7,636 thousand); vi) Green Energy Sardegna S.r.l. (€8,939 thousand); vii) Krupen Wind S.r.l. (€2,368 thousand); viii) Minerva S.r.l. (€20,110 thousand); ix) Ordonia Energia S.r.l. (€15,125 thousand); x) Parco Eolico Licodia Eubea S.r.l. (€20,132 thousand); xi) Renergy San Marco S.r.l. (€17,696 thousand); xii) Wind Power Sud S.r.l. (€1,120 thousand); xiii) Alerion Spain S.L. (€13,585 thousand); xiv) Wind Energy EOOD (€533 thousand); xv) Wind Power 2 EOOD (€569 thousand); xvi) Wind Stream EOOD (€616 thousand); xvii) Wind System EOOD (€612 thousand); xviii) Fri-El Ichnusa S.r.l. (€4,428 thousand); xix) New Green Molise S.r.l. (€3,883 thousand); xx) Eolo S.r.l. (€151 thousand); and xxi) Enermac S.r.l. (€1,153 thousand).

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

CURRENT ASSETS

9. TRADE RECEIVABLES

Trade receivables amount to €7,270 thousand (€6,452 thousand at 31 December 2019) and comprise:

(€'000)	31.12.2020	31.12.2019	Change
Subsidiaries	7,270	6,373	897
Associates	-	2	(2)
Joint ventures	-	37	(37)
Other companies	-	40	(40)
Total trade receivables	7,270	6,452	818

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

Trade receivables from other companies are presented net of a loss allowance of €220 thousand (unchanged from 31 December 2019).

Trade receivables do not bear interest and are generally due within 30-45 days.

10. TAX ASSETS

Tax assets amount to €2,610 thousand (€172 thousand at 31 December 2019) and comprise:

(€'000)	31.12.2020	31.12.2019	Change
IRES	2,566	141	2,425
IRAP	44	30	14
Total tax assets	2,610	171	2,439

11. OTHER CURRENT ASSETS

Other current assets amount to €15,407 thousand (€11,338 thousand at 31 December 2019) and comprise:

(€'000)	31.12.2020	31.12.2019	Change
Tax assets	156	642	(486)
Other assets with subsidiaries and related parties	14,522	10,036	4,486
Other assets	729	660	69
Total other current assets	15,407	11,338	4,069

Tax assets mostly comprise VAT.

Other assets with subsidiaries and related parties principally consist of i) dividends approved but not yet distributed by subsidiaries; and ii) assets arising from the group's tax consolidation scheme.

12. LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €16,458 thousand (€15,160 thousand at 31 December 2019) mainly comprises the current portion of intragroup loans given to: i) Renergy San Marco S.r.l. (€5,531 thousand); ii) Minerva S.r.l. (€3,586 thousand); iii) Parco Eolico Licodia Eubea S.r.l. (€3,371 thousand); iv) Dotto S.r.l. (€1,733 thousand); and v) Wind Power Sud S.r.l. (€1,680 thousand).

13. CASH AND CASH EQUIVALENTS

(€'000)	31.12.2020	31.12.2019	Change
Demand deposits	85,263	177,727	(92,464)
Cash and cash equivalents on hand	5	6	(1)
Total cash and cash equivalents	85,268	177,732	(92,465)

The caption comprises the company's cash and cash equivalents at the reporting date.

14. EQUITY

Equity amounts to €225,920 thousand compared to €190,178 thousand at 31 December 2019.

Changes during the year mainly relate to:

- the €21,137 thousand capital increase following the transaction of 15 December 2020 when the company signed an agreement with Fri-El Green Power S.p.A. for the contribution in kind of 35.7% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l. against its issue of 3,019,630 new shares;
- the profit for the year of €18,794 thousand;
- net actuarial losses on defined benefit plans (IAS 19) of €9 thousand, recognised in OCI;
- the repurchase of treasury shares of €1,800 thousand;
- the exchange of 7,862 treasury shares as part of the above-mentioned capital increase;
- the partial distribution of available reserves for €10,0069 thousand. At their meeting of 27 April 2020, the company's shareholders approved the proposed distribution of a dividend from available reserves of €0.2 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 24 June 2020 and detachment date of coupon 9 on 22 June 2020. The company distributed the dividend in compliance with the terms established by the shareholders.

Equity captions are commented on below:

- The company's share capital of €161,137 thousand (€140,000 thousand at 31 December 2019) is made up of 54,229,403 ordinary shares. The increase is due to the capital increase against the contribution in kind of €21,137,410, including the premium and excluding rights of first refusal in accordance with article 2441.4.1 of the Italian Civil Code approved by the shareholders on 15 December 2020. The 3,019,630 new shares were paid for with the transfer of 35.7% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l. by Fri-El Green Power S.p.A..
- The merger of Alerion Energie Rinnovabili S.p.A. into Alerion Clean Power S.p.A. in December 2019 generated negative goodwill due to the cancellation of the company's existing investment against the share capital of the merging company (€44,799 thousand). This negative goodwill was used to voluntarily reduce share capital by €46,042 thousand when the proposed merger was approved. As a result, the company recognised a reserve of €1,243 thousand (unchanged at 31 December 2020).
- The treasury share reserve has a negative balance of €28 thousand (negative €1,660 thousand at 31 December 2019) and shows the price paid to repurchase 4,500 treasury shares. The decrease is due to i) the repurchase of treasury shares for €1,800 thousand; and ii) the exchange of 1,123,227 treasury shares to acquire 13.3% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l. on 15 December 2020.
- The share premium amounts to €21,400 thousand, unchanged from 31 December 2019, and includes: i) the premium of €0.02 per share for the increase carried out in 2003; ii) the premium of €0.55 per share for the increase carried out in 2008, net of transaction costs; and iii) the difference between the repurchase price of treasury shares cancelled in 2012 and their nominal amount, in addition to the related commissions.
- The legal reserve increased to €3,799 thousand at the reporting date due to the allocation of part of the 2019 profit thereto.
- The other reserves of €2,622 thousand include the effects of IFRS FTA. They show a €9 thousand increase compared to 31 December 2019 due to the net actuarial losses on defined benefit plans (IAS 19) recognised in other comprehensive income and the transaction costs of €174 thousand for the above-mentioned capital increase.
- The income-related reserves amount to €12,521 thousand (€2,278 thousand at 31 December 2019) and include retained earnings.

The reconciliation between equity at 31 December 2020 and 2019 is provided in the statement of changes in equity.

The following table shows the availability, origin and utilisation of the equity items as required by article 2427.7-bis of the Italian Civil Code:

(€'000)	Utilisations in previous years				
	Amount	Possible use	Available portion	to cover losses	for other reasons
Share capital	161,137		-	-	-
Equity-related reserves:					
Share premium	21,400	A, B, C (*)	21,400	-	-
Negative goodwill	1,243	A, B, C			
Treasury share reserve	4,431	A, B			
Income-related reserves:					
Legal reserve	3,799	B		-	-
Other distributable reserves	1,008	A, B, C	1,008		
Other non-distributable reserves	1,614	B			
Treasury share reserve	(28)				
Reserve for unrealised gains	-				
Retained earnings	12,521	A, B, C	12,521	-	-
Total	207,125		34,929	-	-

(*) As allowed by article 2431 of the Italian Civil Code, the share premium can only be distributed in full if the legal reserve has reached the threshold set by article 2430.

Legend:

A: for capital increases

B: to cover losses

C: for distributions to shareholders

NON-CURRENT LIABILITIES

15. NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities amount to €351,654 thousand (€347,811 thousand at 31 December 2019) and mostly comprise **bonds issued** (the 2018-2024 bonds and the 2019-2025 green bonds) net of the transaction costs. Interest accrued on the bonds amounts to €3,074 thousand at the reporting date and is classified under current financial liabilities.

(€'000)	31.12.2020	31.12.2019	Change
Bank loans and borrowings	5,908	2,687	3,221
Lease liabilities	16	16	(0)
Bonds issued	345,730	345,107	623
Total non-current financial liabilities	351,654	347,811	3,844

The company issued the 2018-2024 bonds in 2018 after approval by the board of directors on 10 May 2018. They amount to €150 million, have a six-year maturity and bear a minimum gross nominal interest rate of 3.75%.

If, on each calculation date, the ratio of the financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 2.5, the company undertakes not to take on additional financial debt for reporting purposes net of derivatives, unless this ratio is equal to or less than 2.5 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2018. The carrying amount of financial debt for reporting purposes net of derivatives and equity net of derivatives shall be defined and calculated using the IFRS applicable at the date of the bond issue and already applied to prepare the 2020 annual financial report.

The company issued the 2019-2025 green bonds on 19 December 2019 after approval by the board of directors on 23 September 2019. They amount to €200 million, have a six-year maturity and bear an minimum gross nominal interest rate of 3.125%.

16. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

(€'000)	31.12.2020	31.12.2019	Change
TFR	535	628	(93)
Total post-employment benefits and other employee benefits	535	628	(93)

These benefits are measured using actuarial techniques as the company's actual liability to all employees, in accordance with IAS 19.

The underlying actuarial and financial assumptions are as follows:

Calculation date	31/12/2020
Mortality rate	IPS55 tables
Disability rate	INPS-2000 tables
Turnover rate	2.00%
Discount rate*	0.34%
Salary increase rate	1.00%
Advance payment rate	1.00%
Inflation rate	0.50%

*Prices at 31 December 2020 of the benchmark index iBoxx Corporate EUR with a 10+ duration and a AA rat

The company has 23 employees at the reporting date, broken down as follows:

	31.12.2019	Increases	Decreases	31.12.2020	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	17	7	(3)	21	19.0
Blue collars	0	0	0	0	0.0
Total employees	19	7	(3)	23	21.0

17. PROVISIONS FOR FUTURE RISKS AND CHARGES

Provisions for future risks and charges amount to €584 thousand (€616 thousand at 31 December 2019) as follows:

(€'000)	31.12.2019	Accruals	Releases/ utilisations	31.12.2020
Provision for taxes and tax disputes	25	-	(25)	(0)
Provision for legal disputes	54	-	(14)	40
Provision for investee losses	28	7	-	35
Other provisions	509	-	-	509
Total provisions for future risks and charges	616	7	(39)	584

Other provisions amount to €509 thousand and include accruals made in previous years for loans, the recovery of which is doubtful. The **provision for investee losses** of €35 thousand was set up to cover the losses incurred by Alerion Bioenergy S.r.l. in liquidation in excess of the company's share of its equity (see the note to investments in subsidiaries).

The **provision for legal disputes** amounts to €40 thousand after the release of €14 thousand as some costs are no longer considered probable. It was set up for ongoing disputes (see the section on legal disputes).

CURRENT LIABILITIES

18. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to €17,663 thousand (€20,354 thousand at 31 December 2019) as follows:

(€'000)	31.12.2020	31.12.2019	Change
Bank loans and borrowings	13,626	16,312	(2,686)
Loans from subsidiaries and related parties	948	948	(1)
Lease liabilities	15	20	(5)
Accrued interest on bonds	3,074	3,074	0
Total current financial liabilities	17,663	20,354	(2,692)

Bank loans and borrowings amount to €13,626 thousand at 31 December 2020 and include short-term credit lines from major banks that bear an effective average rate of 0.94%.

Accrued interest on bonds of €3,074 thousand comprise the unpaid nominal interest accrued during the year on the two bond issues (2018-2024 and 2019-2025) (see the note to "Non-current financial liabilities").

19. DERIVATIVES

They amount to €2,893 thousand and, as disclosed in the section on financial risks, starting from 2020, the company has agreed commodity swaps to hedge electricity price risks. Its aim is to contain the effect of volatility of changes in electricity market prices on its profit margins and, thus, to stabilise the cash flows from the sale of electricity generated by its wind farms.

The swaps provide for the conversion from a variable price (single national price, "PUN") to a fixed price, calculated on a pre-determined notional amount. At the reporting date, the company has contracts with a notional amount of approximately 780 MW to be swapped in the period from 1 January to 31 December 2021 and a set price of an average €53.3 over one year (again 1 January to 31 December 2021).

Any gains or losses on the swaps are recognised in profit or loss as they are designated as hedging instruments in the consolidated financial statements and the hedge is effective as they also include the cash flows generated by the group's energy sales. Conversely, they do not qualify for hedge accounting in the company's separate financial statements.

20. TRADE PAYABLES

Trade payables amount to €825 thousand (€1,287 thousand at 31 December 2019) and comprise:

(€'000)	31.12.2020	31.12.2019	Change
Third parties	748	1,021	(273)
FGP Group	15	-	15
Subsidiaries	61	266	(205)
Total trade payables	825	1,287	(462)

They do not bear interest and are usually settled within 60 days.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

21. TAX LIABILITIES

The company does not have tax liabilities at the reporting date (€834 thousand at 31 December 2019).

(€'000)	31.12.2020	31.12.2019	Change
IRES	-	834	(834)
Total tax liabilities	-	834	(834)

22. OTHER CURRENT LIABILITIES

Other current liabilities amount to €8,951 thousand (€4,145 thousand at 31 December 2019) and comprise:

(€'000)	31.12.2020	31.12.2019	Change
Deferred remuneration and fees	1,005	914	91
Taxes	240	165	75
Social security charges payable	194	161	33
Liabilities for the acquisition of equity investments	182	-	182
Sundry liabilities to subsidiaries and related parties	7,229	2,832	4,397
Other sundry liabilities	101	72	29
Total other current liabilities	8,951	4,145	4,806

Sundry liabilities to subsidiaries and related parties mostly relate to the group's tax consolidation scheme.

Reference should be made to the note to "Related party and intragroup transactions" for information on the relevant terms and conditions.

23. NET FINANCIAL DEBT FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

Net financial debt for reporting purposes amounts to €125,455 thousand compared to a net financial position of €930 thousand at 31 December 2019. It may be analysed as follows:

(€'000)	31.12.2020	31.12.2019
Cash and cash equivalents		
Cash	85,267,696	177,732,356
Total cash and cash equivalents	85,267,696	177,732,356
Current financial assets		
Loans to subsidiaries, associates and joint ventures	15,901,000	14,627,000
Other financial assets	556,843	532,512
Total current loans	16,457,843	15,159,512
Current financial liabilities		
Bank loans and borrowings	(13,625,980)	(16,312,017)
Liabilities to subsidiaries	(947,934)	(948,462)
Debiti correnti verso obbligazionisti	(3,073,630)	(3,073,630)
Derivatives	(2,893,307)	0
Lease liabilities	(15,272)	(20,290)
Total current financial liabilities	(20,556,123)	(20,354,399)
NET CURRENT FINANCIAL POSITION	81,169,416	172,537,469
Non-current financial liabilities		
Bank loans and borrowings	(5,908,317)	(2,687,315)
Bonds issued	(345,730,173)	(345,107,374)
Lease liabilities	(15,683)	(15,962)
Total non-current financial liabilities	(351,654,173)	(347,810,651)
NON-CURRENT FINANCIAL DEBT	(351,654,173)	(347,810,651)
NET FINANCIAL DEBT*	(270,484,757)	(175,273,182)
Loans and other non-current financial assets	144,680,175	176,202,959
NET FINANCIAL POSITION (DEBT) FOR REPORTING PURPOSES	(125,804,582)	929,777

*Consob communication no. DEM/6064293/2006

Reference should be made to the relevant notes for comments on the individual captions.

STATEMENT OF PROFIT OR LOSS

24. NET GAINS FROM EQUITY INVESTMENTS

This caption amounts to €34,068 thousand (€30,121 thousand in 2019) as follows:

(€'000)	2020	2019	Change
Dividends from investees	26,415	26,571	(156)
Net financial income from subsidiaries	7,627	8,366	(740)
Impairment losses on equity investments	(42)	(4,818)	4,776
Reversals of impairment losses	71	-	71
Other financial income	-	1	(1)
Other financial expense	(2)	-	(2)
Net gains from equity investments	34,068	30,121	3,947

Dividends from investees amount to €26,415 thousand and were received from the following subsidiaries i) Fri-El Ichnusa S.r.l. (€5,891 thousand); ii) Green Energy Sardegna S.r.l. (€550 thousand); iii) Renergy San Marco S.r.l. (€2,734 thousand); iii) Ordonia Energia S.r.l. (€938 thousand); iv) New Green Molise S.r.l. (€1,898 thousand); v) Ecoenergia Campania S.r.l. (€540 thousand); vi) Dotto S.r.l. (€255 thousand); vii) Callari S.r.l. (€1,649 thousand); viii) FW Holding S.r.l. (€5,150 thousand); ix) Minerva S.r.l. (€1,038 thousand); x) Parco Eolico Licodia Eubea S.r.l. (€669 thousand); xi) Fri-El Nulvi Holding S.r.l. (€4,032 thousand); and xii) Anemos Wind S.r.l. (€1,072 thousand).

Net financial income from subsidiaries amount to €7,627 thousand (€8,366 thousand in 2019) and mainly consists of net interest income accrued during the year from associates and investees. The decrease on the previous year is principally due to the reduction in the subsidiaries' exposure with the company, which led to a decrease in accrued interest. The interest-bearing loans are regulated by contracts.

25. OTHER REVENUE AND INCOME

Other revenue and income of €3,266 thousand (€3,375 thousand in 2019) mostly comprise the fees for administrative, corporate and financial services provided to subsidiaries (€2,935 thousand) and fees for services rendered by the company's employees holding positions in other group companies who waived them in favour of the company (€196 thousand).

26. PERSONNEL EXPENSES

Personnel expenses amount to €1,854 thousand (€1,713 thousand in 2019) and comprise:

(€'000)	2020	2019	Change
Wages and salaries	1,693	1,569	124
Post-employment benefits	89	74	15
Other personnel expenses	72	70	2
Total personnel expenses	1,854	1,713	141

27. OTHER OPERATING COSTS

The other operating costs of €3,055 thousand (€2,945 thousand) include €120 thousand incurred on behalf of the company's subsidiaries. More information is available in the note to "Related party and intragroup transactions".

(€'000)	2020	2019	Change
Services:			
Directors' fees	965	947	18
Statutory auditors' fees	181	232	(51)
Consultants and collaborators' fees	1,236	1,150	86
Company management, requirements and financial reporting	298	274	24
Office maintenance, utilities and other costs	185	143	42
Other costs	51	93	(42)
Total services	2,916	2,839	77
Use of third party assets	24	28	(4)
Other operating costs	115	78	37
Total other operating costs	3,055	2,945	110

They are substantially unchanged from the previous year.

28. FINANCIAL INCOME (EXPENSE)

Net financial expense amounts to €16,029 thousand (€7,090 thousand) as follows:

(€'000)	2020	2019	Change
Financial income:			
Bank interest	59	-	59
Other financial income	20	14	6
Total financial income	79	14	65
Financial expense:			
Interest from parents	-	(465)	465
Short-term bank interest and charges	(175)	(256)	81
Long-term bank interest and charges	(123)	(66)	(57)
interest on bonds	(12,907)	(6,265)	(6,642)
Fair value losses on derivatives	(2,894)	-	(2,894)
Other financial expense	(9)	(52)	43
Total financial expense	(16,108)	(7,104)	(9,004)
Net financial expense	(16,029)	(7,090)	(8,939)

The increase in financial expense is mostly due to i) interest of €6,095 thousand and €6,811 thousand on the 2018-2024 bonds (also recognised in 2019) and the 2019-2025 bonds (recognised in 2019 solely for the period from their subscription date to 31 December 2019), respectively, and ii) the impairment losses on commodity swaps of €2,894 thousand).

The commodity swaps were agreed to hedge electricity price risks. The company's aim is to contain the effect of volatility of changes in electricity market prices on its profit margins and, thus, to stabilise the cash flows from the sale of electricity generated by its wind farms. As the cash flows from electricity sales are not recognised in the separate financial statements, the fair value losses on swaps have been classified in profit or loss.

29. INCOME TAXES

The company has a **tax benefit** of €2,424 thousand compared to an expense of €355 thousand in 2019. The caption is broken down in the following table:

(€'000)	2020	2019	Change
Current taxes	1,772	(386)	2,158
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	652	31	620
Total income taxes	2,424	(355)	2,778

Current taxes

The reconciliation between the theoretical and effective tax expense is presented below:

(€'000)	IRES		IRAP		Total	
2020	Tax	%	Tax	%	Tax	%
Tax base	16,370		32,399			
Theoretical tax	(3,929)	24.0	(1,805)	5.57	(5,734)	29.6
increases:						
- temporary differences	(1,469)	9.0	0	0.0	(1,469)	9.0
- other increases	(57)	0.3	1,805	(5.6)	1,748	(5.3)
decreases:						
- reversal of temporary differences	766	(4.7)	0	0.0	766	(4.7)
- other decreases	6,460	(39.5)	0	0.0	6,460	(39.5)
Effective tax	1,771	(10.9)	0	(0.0)	1,771	(10.9)

(€'000)	IRES		IRAP		Total	
2019	Tax	%	Tax	%	Tax	%
Tax base	21,735		28,826			
Theoretical tax	(5,217)	24.0	(1,606)	5.57	(6,823)	29.6
increases:						
- temporary differences	(138)	0.6	0	0.0	(138)	0.6
- other increases	(1,172)	5.4	1,560	(5.4)	388	0.0
decreases:						
- reversal of temporary differences	54	(0.2)	0	0.0	54	(0.2)
- other decreases	6,133	(28.2)	0	0.0	6,133	(28.2)
Effective tax	(340)	1.6	(46)	0.2	(386)	1.8

Deferred taxes

A breakdown of deferred taxes is set out below:

(€'000)	Statement of financial position		Equity	Profit or loss	
	31.12.2020	31.12.2019		2020	2019
Deferred tax liabilities					
Dividends taxable in future years	(98)	(54)		(44)	(54)
	(98)	(54)		(44)	(54)
Deferred tax assets					
Directors' fees	134	145		(11)	91
Accruals to (utilisations of) provisions for risks	360	363		(3)	-
Discounting of post-employment benefits	27	24	3		(7)
Financial expense deductible in future years	707	0		707	-
IFRS 9	30	30			-
Other deductible temporary differences	3	-		3	2
	1,261	562			
Deferred taxes			3	696	86

30. RELATED PARTY AND INTRAGROUP TRANSACTIONS

In accordance with the Consob communications of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, as well as subsequent Regulation no. 17221 on related party transactions of 12 March 2010, as amended, it is noted that the company's related party transactions were not atypical, unusual, unrelated to normal business operations or detrimental to the company's financial position, financial performance and cash flows.

The related party transactions carried out fall within ordinary operations, as part of each party's core business, and are governed by market conditions.

The list of related parties is updated annually considering changes to the IFRS and related regulations.

The related party disclosures required by IAS 24 and Consob communication no. 6064293 of 28 July 2006 are provided below:

(€'000)	Revenue	Costs	Assets	Liabilities
Subsidiaries:				
Alerion Bionergy S.r.l. in liquidation	-	-	15	1
Alerion Real Estate S.p.A. in liquidation	-3	-	312	1,479
Alerion Servizi Tecnici e Sviluppo S.r.l.	672	61	344	1,468
Callari S.r.l.	2,293	-	15,389	-
Dotto S.r.l.	689	-	4,747	1,254
Energes Biccari S.r.l. in liquidation	-	-	-	-
Enermac S.r.l.	55	-	1,312	55
Eolo S.r.l.	248	-	1,320	199
Krupen Wind S.r.l.	10	-	2,445	13
Minerva S.r.l.	2,351	-	24,434	643
Ordonia Energia S.r.l.	1,746	-	19,224	-
Parco Eolico Licodia Eubea S.r.l.	1,882	-	23,747	-
Renergy San Marco s.r.l.	4,073	-	24,002	551
Wind Power Sud S.r.l.	1,285	-	4,319	221
Eolica PM S.r.l.	681	-	13,707	-
FRI-EL Albareto S.r.l.	383	-	7,639	65
Green Energy Sardegna S.r.l.	999	-	9,492	262
FRI-EL Ichnusa S.r.l.	5,961	-	7,473	1,218
FRI-EL Campidano S.r.l.	3	-	1,145	-
FW Holding S.r.l.	5,150	-	-	-
FRI-EL Nulvi Holding S.r.l.	4,032	-	-	-
Anemos Wind S.r.l.	1,144	-	1,159	810
Naonis Wind S.r.l.	50	-	315	-
Alerion Spain S.L.	546	-	13,585	-
Wind Energy Eood	16	-	533	-
Wind Power 2 Eood	17	-	569	-
Wind Stream Eood	18	-	616	-
Wind System Eood	18	-	612	-
Alerion Romania S.A.	-	-	-	-
Alerion Bulgaria A.D.	-	-	-	-
Total subsidiaries	34,319	61	178,455	8,239
Investments in joint ventures and associates:				
Ecoenergia Campania S.r.l.	660	-	-4	-
Andromeda Wind S.r.l.	-	-	-	-
FRI-EL Anzi Holding S.r.l.	-	-	-	-
FRI-EL Guardionara S.r.l.	-	-	-	-
New Green Molise S.r.l.	2,194	-	3,937	-
Total equity-accounted investees:	2,854	-	3,933	-
Related parties:				
FRI-EL Green Power S.p.A.	-	59	-	15
Heliopolis Energia S.p.A.	-	-	-	-
Total related parties	-	59	-	15
Total	37,173	120	182,388	8,254

The following tables present the additional disclosures required by Consob communication no. 6064293 of 28 July 2006:

Effects of related party and intragroup transaction on the company's financial position, financial performance and cash flows:

(€'000)	Subsidiaries	Investments in joint ventures and associates	Related parties	Associates	Total
Trade receivables	7,269,794	-	-	-	7,269,794
<i>total trade receivables</i>	<i>7,269,794</i>	<i>7,269,794</i>	<i>7,269,794</i>	<i>7,269,794</i>	<i>7,269,794</i>
percentage	100%	0%	0%	0%	100%
Other assets	14,488,157	50,487	1	-	14,538,645
<i>other current assets</i>	<i>15,407,629</i>	<i>15,407,629</i>	<i>15,407,629</i>	<i>15,407,629</i>	<i>15,407,629</i>
percentage	94%	0%	0%	0%	94%
Non-current loan assets	140,797,051	3,883,124	-	-	144,680,175
<i>total non-current loan assets</i>	<i>144,680,175</i>	<i>144,680,175</i>	<i>144,680,175</i>	<i>144,680,175</i>	<i>144,680,175</i>
percentage	97%	3%	0%	0%	100%
Current loan assets	15,900,999	-	-	-	15,900,999
<i>total current loan assets</i>	<i>16,457,843</i>	<i>16,457,843</i>	<i>16,457,843</i>	<i>16,457,843</i>	<i>16,457,843</i>
percentage	97%	0%	0%	0%	97%
Current loans and borrowings	947,933	-	-	-	947,933
<i>total current financial liabilities</i>	<i>17,662,816</i>	<i>17,662,816</i>	<i>17,662,816</i>	<i>17,662,816</i>	<i>17,662,816</i>
percentage	5%	0%	0%	0%	5%
Trade payables	61,000	-	15,250	-	76,250
<i>total trade payables</i>	<i>824,733</i>	<i>824,733</i>	<i>824,733</i>	<i>824,733</i>	<i>824,733</i>
percentage	7%	0%	2%	0%	9%
Sundry liabilities	7,228,732	-	-	-	7,228,732
<i>other current liabilities</i>	<i>8,951,119</i>	<i>8,951,119</i>	<i>8,951,119</i>	<i>8,951,119</i>	<i>8,951,119</i>
percentage	81%	0%	0%	0%	81%
Net gains on equity investments	31,461,350	2,580,238	-	-	34,041,588
<i>total net gains on equity investments</i>	<i>34,068,105</i>	<i>34,068,105</i>	<i>34,068,105</i>	<i>34,068,105</i>	<i>34,068,105</i>
percentage	92%	8%	0%	0%	100%
Other revenue and income	2,856,174	273,861	-	-	3,130,035
<i>total other revenue and income</i>	<i>3,265,773</i>	<i>3,265,773</i>	<i>3,265,773</i>	<i>3,265,773</i>	<i>3,265,773</i>
percentage	87%	8%	0%	0%	96%
Other operating costs	61,362	-	59,137	-	120,499
<i>total operating costs</i>	<i>3,055,083</i>	<i>3,055,083</i>	<i>3,055,083</i>	<i>3,055,083</i>	<i>3,055,083</i>
percentage	2%	0%	2%	0%	4%

31. LEGAL DISPUTES

The disputes pending at the reporting date are summarised below:

SIC - Società Italiana Cauzioni S.p.A.

The company and its subsidiary Alerion Real Estate S.r.l. in liquidation ("Alerion Real Estate") have been called as joined defendants by SIC - Società Italiana Cauzioni S.p.A. (at the date of the Registration Document named ATRADIUS Credit Insurance, assignee of the SIC business unit) - in their capacity as policy co-obligors in the civil proceedings brought about before the Rome court by AGIED S.r.l. against INPDAP and SIC.

The policies were issued to guarantee the obligations incumbent on AGIED S.r.l. for the compensation of monetary losses that INPDAP could have suffered as a result of the malicious actions of AGIED S.r.l. when performing its duties provided for in the agreement between AGIED and INPDAP, for the management of part of INPDAP's property.

The purpose of this case is to assess the said surety policies and have them declared lapsed due to expiry of the time limit. In particular, AGIED S.r.l. asked the Court to declare that INPDAP

has no right to enforce the policies and that, therefore, SIC is not required to pay anything to INPDAP.

The company and Alerion Real Estate were co-obligors with SIC for the fulfilment of the obligations under the policies as quotaholders of AGIED. These quotas were sold by means of a deed dated 24 May 1999, following which SIC, in a letter dated 9 June 1999, stated that Alerion and Alerion Real Estate were released from their joint obligation due to events that occurred after the date of the sale of the quotas.

SIC, which concurred with AGIED's conclusions, nevertheless summonsed the company and Alerion Real Estate as a precautionary measure, as, due to the generic nature of the claims, liability for the alleged damages claimed by INPDAP could not be placed in terms of time.

With regard to the policies referred to by ATRADIUS, the then SIC had, in a specific letter, released the co-obligors Alerion and Alerion Real Estate from liability for events occurring after the date of sale of the company shares on 24 May 1999. This confirms the fact that the company and its subsidiaries have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ASTRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

On 1 December 2014, the first instance judge ordered just SIC (ASTRADIUS at the date of the Registration Document) to pay the damages and concluded that the defaults took place after 31 December 2000, i.e., following the release from the co-obligations, thereby implicitly ruling out the company and Alerion Real Estate being summonsed as defendants. Accordingly, any further evolutions in the proceedings will not affect the company.

AGIED and ATRADIUS (formerly SIC) separately appealed the first instance ruling to the court of appeal. As proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joining of the proceedings.

As the proceedings were pending for appeals of the same ruling, Alerion Real Estate S.r.l. in liquidation and Alerion S.p.A. obtained the joining of the proceedings and, at the hearing of 3 February 2017, the court reserved its judgement on some aspects concerning the notices and the adversarial process.

At a hearing of 5 April 2019, the court rejected a petition to suspend the first instance judgement which Atradius has appealed.

The hearing for the closing arguments was scheduled for 25 September 2020. The company deems the risk of an unfavourable outcome to be remote.

Bocchi

Mr. Renato Bocchi commenced civil proceedings before the Rome court against Banca di Roma and the company. Mr. Bocchi requested that Banca di Roma and Alerion Clean Power S.p.A. (formerly Fincasa 44 S.p.A.) return a guarantee issued in a personal capacity in the interest of Fincasa 44 S.p.A. to secure all obligations assumed by it, which are now extinguished. With its ruling filed on 25 October 2012, the Rome court rejected Mr Bocchi's petition in full. Mr. Bocchi appealed the ruling to the Rome court of appeal and the parent entered an appearance requesting confirmation of the first instance ruling. At the hearing of 26 January 2020, the case was reserved for judgement and a deadline was set for final statements and replies. The judgement is pending. The company deems the risk of an unfavourable outcome to be remote.

Census consortium

As part of an action for contractual fulfilment brought about by the Census consortium (in which Fincasa 44, and subsequently, as of the date of the Registration Document, the company, holds a share of approximately 10%) against the Rome municipal authorities, the Rome court, on the one hand, allowed some of the consortium's claims (payment to the consortium of approximately €0.24 million) and, on the other, upheld one of the counterclaims of the Rome municipal authorities (payment of approximately €4.4 million plus interest) in relation to the works carried out by Fintecna S.p.A. and Engie Servizi S.p.A., which respectively hold 12% and 30% stakes in the consortium.

The court of appeal rejected the consortium's appeal filed in July 2015 and confirmed the first instance ruling.

The Rome municipal authorities did not notify the appeal ruling against Census of last July.

The consortium appealed to the court of cassation against the court of appeal ruling, with a petition to suspend the effects of the ruling.

As a result of the internal agreements among the consortium members, the financial consequences of the ruling would fall exclusively on the parties responsible for the work carried out, except in the event of their insolvency, in which case the other consortium members would be held liable on the basis of their respective stake.

With regard to the payment of the amount indicated in the counterclaims made by the municipal authorities, on 13 February 2018, the management board of the Census consortium concluded that liability for any payment rests with the consortium members that performed the related works. Accordingly, the outcome of the proceedings is mainly a matter for the parties concerned. This assessment was reflected in the 2017 financial statements of the Census consortium, which, with their approval on 27 February 2018, allocated any costs to be borne among the individual consortium members that carried out the work. The resolution was not challenged by the deadline established by law, making the allocation of payments demanded by the Rome municipal authorities final. Accordingly, the provision recognised in the consolidated financial statements was released in 2018. The directors deem that the risk is remote.

32. COMMITMENTS AND GUARANTEES GRANTED TO THIRD PARTIES

The company's contractual commitments and guarantees to third parties at the reporting date are summarised below:

- sureties to third parties of €155 thousand;
- sureties to subsidiaries of €4,400 thousand.

33. OTHER INFORMATION

33.1 REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BODIES, COOs AND OTHER KEY MANAGEMENT PERSONNEL

Following Consob Resolution no. 18079 of 20 January 2012, which repealed Appendix 3C, information on the investments held by the directors, statutory auditors, COOs and other key management personnel is contained in the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act (TUF).

33.2 DISCLOSURE REQUIRED BY ARTICLE 149-DUODECIES OF CONSOB'S ISSUER REGULATION

The following table shows the 2020 fees for audit and non-audit services provided by the independent auditors and their network entities:

(€'000)	Service provider	Importi di competenza 2020
Audit:	KPMG S.p.A.	91,346
Other services - parent ¹ :	KPMG S.p.A.	63,000
Other services - parent ² :	Deloitte & Touche S.p.A.	19,450
Total		173,796

¹: Issue of a fairness opinion for the capital increase excluding or limiting the rights of first refusal.

²: Checks of the spreadsheet for the calculation of the financial parameters required by the regulation of the 2018-2024 Alerion Clean Power S.p.A. bonds and the regulation of the 2019-2025 Alerion Clean Power S.p.A. bonds.

33.3 Disclosure required by article 2497 of the Italian Civil Code "Management and coordination"

As the company is managed and coordinated by Fri-El Green power S.p.A. as per article 2497 of the Italian Civil Code, the following table presents its parent's key financial figures taken from its most recently approved financial statements (2019) in accordance with article 2497-bis of the Italian Civil Code:

FINANCIAL STATEMENTS

FRI-EL GREEN POWER S.p.A.

Registered office in Rome, Piazza della Rotonda 2

Fully paid-up share capital €8,010,000.00

Tax code and Rome company registration no. 01533770218

VAT no. 01533770218 - REA no. 1316823

STATEMENT OF FINANCIAL POSITION

€'000	31/12/2019	31/12/2018
A. Net non-current assets	477,204	484,586
B. Current assets including prepayments and accrued income	67,548	54,554
C. Total assets (A+B)	544,752	539,140
D. Equity	405,816	366,763
E. Provisions	4,651	4,458
F. Liabilities	134,285	167,918
G. Total liabilities (D+E+F)	544,752	539,140

STATEMENT OF PROFIT OR LOSS

€'000	2019	2018
Revenue	3,401	4,025
Production costs	(8,982)	(9,025)
Operating loss	(5,581)	(5,000)
Net financial income	48,061	53,010
Other income, net	8,241	19,172
Profit before tax	50,721	67,181
Income taxes	(203)	497
Profit for the year	50,518	67,678

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

pursuant to article 154-bis.5 of Legislative decree no. 58 of 24 February 1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999

1. The undersigned, Josef Gostner, as managing director, and Stefano Francavilla, as manager in charge of financial reporting, also considering the provisions of article 154-bis-3/4 of Legislative decree no. 58 of 24 February 1998, state:
 - that the administrative and accounting procedures are adequate given the company's characteristics;
 - that they were actually applied during the year to prepare the separate financial statements.
2. Moreover, they state that:
 - 2.1 the separate financial statements at 31 December 2020:
 - have been prepared in accordance with the applicable International Financial Reporting Standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
 - are consistent with the accounting records and entries;
 - are suitable to give a true and fair view of the company's financial position, financial performance and cash flows;
 - 2.2 the directors' report includes a reliable analysis of the company's financial performance and financial position, together with information about the key risks and uncertainties to which it is exposed.

Milan, 11 March 2021

Managing director

Josef Gostner

Manager in charge of financial reporting

Stefano Francavilla

Alerion Clean Power S.p.A.

Sede legale: Viale Majno 17 (MI) –

Capitale Sociale: Euro 161.137.410 = interamente versato

Registro delle Imprese di Milano Monza e Brianza e codice fiscale n.

02996890584

Relazione del Collegio Sindacale all'Assemblea dei soci ai sensi dell'art.

153 D. Lgs. 58/98 e dell'art. 2429, comma 2, del c.c.

Signori Azionisti,

1. Premessa: fonti normative, regolamentari e deontologiche

Nel corso dell'esercizio sociale conclusosi lo scorso 31 dicembre 2020 il Collegio Sindacale ha assolto ai compiti di vigilanza previsti dalla Legge, come da indicazioni dei principi di comportamento del Collegio Sindacale di Società quotate raccomandati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, alle norme specifiche per le società quotate in Borsa, nonché al contenuto della Comunicazione Consob n. DAC/RM/97001574 del 20 febbraio 1997 e della Comunicazione DEM/1025564 del 6 aprile 2001, successivamente integrata con Comunicazione DEM/3021582 del 4 aprile 2003 e comunicazione DEM/6031329 del 7 aprile 2006.

Nel corso dell'anno, il Collegio Sindacale ha vigilato:

- sull'osservanza della legge e dello Statuto Vigente;
- sul rispetto dei principi di corretta amministrazione;
- sull'adeguatezza della struttura organizzativa della Società per gli aspetti di competenza, del sistema di controllo interno e del sistema

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amministrativo-contabile nonché sull'affidabilità di quest'ultimo nel rappresentare correttamente i fatti di gestione;

- sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento redatti da società di gestione di mercati regolamentati, cui la società, mediante informativa al pubblico, dichiara di attenersi;
- sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998 (nel seguito, *TUF*).

2. Attività di vigilanza sull'osservanza della legge e dello statuto

Il Collegio Sindacale nel corso dell'esercizio 2020 ha tenuto dodici riunioni ed ha rilasciato, in data 11 marzo 2020, il proprio parere in occasione della definizione della remunerazione attribuita ad Amministratori investiti di particolari incarichi ai sensi dell'art. 2389, co. 3, c.c., nonché della determinazione del compenso del Dirigente Preposto alla redazione dei documenti contabili societari (nel seguito, *Dirigente Preposto*).

I componenti dell'Organo di Controllo hanno partecipato alle riunioni del Consiglio di Amministrazione e hanno ottenuto dagli Amministratori, con la periodicità richiesta dalla Legge, informazioni sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle Società controllate.

Hanno constatato che le azioni intraprese e poste in essere fossero conformi alla Legge, allo statuto ed alle deliberazioni adottate dall'Assemblea degli Azionisti e fossero improntate a principi di corretta amministrazione.

Il Collegio Sindacale, come già anticipato, esercitando la sua funzione di

controllo, è intervenuto alle quindici riunioni del Consiglio di Amministrazione nonché alle due riunioni assembleari tenutesi nell'anno e dà atto che l'amministrazione della Società si è svolta nel rispetto delle norme di Legge e di statuto. I membri del Collegio Sindacale hanno altresì partecipato a tutte le riunioni del Comitato Remunerazione e Nomine (nel seguito, **CRN**) e del Comitato Controllo, Rischi e Sostenibilità (nel seguito, **CCRS**) e del Comitato Parti Correlate (nel seguito **CPC**).

In particolare il CCRS, ai sensi dell'art. 7 del Codice di Autodisciplina delle società quotate (nel seguito, **Codice di Autodisciplina**) è composto da tre amministratori indipendenti; il CRN, ai sensi degli articoli 5 e 6 del Codice di Autodisciplina, è composto da tre amministratori indipendenti. Il CPC ai sensi degli art.4 del Codice di Autodisciplina è composto da tre amministratori indipendenti.

La Società ha altresì previsto, conformemente alle previsioni del Codice di Autodisciplina, la figura del *lead independent director* nella persona del Dr.ssa Nadia Dapoz.

Durante l'esercizio il CRN si è riunito quattro volte, il CPC si è riunito ventitrè volte e il CCRS si è riunito tredici volte di cui due in forma congiunta con il Collegio Sindacale.

L'Assemblea dei Soci, in data 27 aprile 2020, ha autorizzato l'acquisto di azioni proprie ai sensi dell'art. 2357 c.c., determinando in 18 (diciotto) mesi la durata del relativo mandato. La Società si è avvalsa della facoltà di effettuare operazioni su propri titoli nel corso dell'esercizio e dopo alcune operazioni, alla data di fine anno-la Società possiede n. 4.500 azioni proprie pari al 0.0083% del capitale sociale.



3. Attività di vigilanza sul rispetto dei principi di corretta amministrazione.

Il Collegio Sindacale ha constatato che la Società non ha effettuato operazioni atipiche o inusuali con società del Gruppo, parti correlate o terzi; a tal fine il Collegio Sindacale precisa che la Società ha adottato fin dal 12 novembre 2010, ai sensi dell'art. 4 del Regolamento adottato con delibera Consob n. 17221 del 12 Marzo 2010 e successive modifiche ed integrazioni, la Procedura per le Operazioni con Parti Correlate (nel seguito, **Procedura OPC**) aggiornata con delibera del Consiglio di Amministrazione del 25 gennaio 2018.

L'adeguamento della Procedura alla Direttiva Europea di *Shareholder's Rights* è prevista entro la data del 1° Luglio 2021.

La Procedura OPC, unitamente alla procedura per la gestione e la comunicazione di documenti ed informazioni riguardanti la Società con particolare riferimento alle informazioni privilegiate e alla procedura in materia di *internal dealing*, sono disponibili sulla pagina *web* della Società.

Il Collegio Sindacale ha vigilato sulla conformità delle procedure adottate ai principi indicati nei Regolamenti, nonché sulla loro osservanza.

4. Attività di vigilanza sull'adeguatezza dell'assetto organizzativo

L'attuale Consiglio di Amministrazione è stato nominato dall'Assemblea dei Soci in data 27 aprile 2020 sulla base della lista presentata dal socio di maggioranza Fri El Green Power S.p.a., e dalla lista presentata dagli azionisti di minoranza.

Il Consiglio di Amministrazione è composto da numero dieci componenti, il cui mandato verrà a scadenza in occasione dell'Assemblea dei Soci chiamata



ad approvare il bilancio chiuso al 31 dicembre 2022.

Nell'ambito del Consiglio di Amministrazione si riscontra la presenza di tre amministratori esecutivi e sette Amministratori non esecutivi, di cui sei sono stati qualificati dal Consiglio di Amministrazione come indipendenti, sia ai sensi delle previsioni del Codice di Autodisciplina, come anche ai sensi delle disposizioni del TUF.

Il Consiglio di Amministrazione, nella riunione tenutasi in data 11 marzo 2021, ha confermato, a maggioranza, la verifica sulla sussistenza dei requisiti di indipendenza in capo ai propri componenti.

I componenti del Collegio Sindacale (come riconosciuto e reciprocamente attestato nel verbale del 10 marzo 2021) sono in possesso dei Requisiti di onorabilità, indipendenza e professionalità, della necessaria competenza in materia contabile, in relazione anche ad ambiti direttamente correlati all'attività esercitata dalla Società.

I componenti del Collegio Sindacale hanno rispettato il limite al cumulo degli incarichi stabilito dal Regolamento Emittenti Consob e dallo Statuto.

L'Organo di Controllo ha acquisito conoscenza e vigilato, per quanto di sua competenza, sull'adeguatezza della struttura organizzativa della Società, costantemente aggiornata anche in relazione all'ingresso nel Gruppo di nuove società, e sul rispetto dei principi di corretta amministrazione, ciò tramite osservazioni dirette, raccolta di informazioni dai vari responsabili di funzione e dal Dirigente Preposto, l'esame di documenti aziendali e incontri con la Società di Revisione, ai fini del reciproco scambio di dati ed informazioni rilevanti.

Alerion Clean Power S.p.A. nel corso dell'esercizio ha effettuato le seguenti



operazioni:

- (i) acquisto dell'intero capitale sociale di FW Holding S.r.l. ("FW"), titolare di due parchi eolici in esercizio, aventi una potenza complessiva installata pari a 90 MW e siti nei comuni di Ricigliano (SA) e di Grottole (MT). L'acquisizione FW si è perfezionata mediante l'acquisto delle partecipazioni detenute da Winco Energreen S.p.A. ("Winco") e da Fri-El Green Power S.p.A. in FW, pari ciascuna al 50% del capitale sociale della società;**
- (ii) acquisto di una partecipazione pari al 90% del capitale sociale di Fri-El Nulvi Holding S.r.l. ("Nulvi"), titolare di un parco eolico in esercizio, avente una potenza complessiva installata pari a 29,75 MW e sito nei Comuni di Nulvi e Tergu (SS). In particolare, Alerion ha acquistato una partecipazione pari al 60% del capitale sociale di Nulvi da Fri-El Green Power S.p.A. ed un'ulteriore partecipazione pari al 30% del capitale sociale di Nulvi da BBL S.r.l.**
- (iii) acquisto del 100% del capitale sociale di Naonis Wind S.r.l., società titolare dell'autorizzazione per la costruzione di un impianto eolico sito nel comune di Cerignola (Puglia).**
- (iv) perfezionato l'acquisto delle partecipazioni detenute da Fri-El Green Power S.p.A. ("FGP"), pari al 49% del capitale sociale delle società Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. e Fri-El Guardionara S.r.l., titolari di tre impianti eolici operativi con una potenza installata lorda complessiva pari a 66,65 MW.**

In data 26 Marzo 2021 l'Assemblea Straordinaria ha deliberato di attribuire al Consiglio di Amministrazione la facoltà, ai sensi dell'art. 2443 del codice

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civile, di aumentare il capitale sociale a pagamento, anche in via scindibile, con esclusione del diritto di opzione ai sensi dell'art. 2441, comma 5, del codice civile per un importo massimo complessivo di Euro 300 milioni, comprensivo dell'eventuale sovrapprezzo, da esercitarsi entro il 31 dicembre 2021.

Il Collegio Sindacale non ha osservazioni da svolgere circa la generale adeguatezza della struttura organizzativa a perseguire con efficienza gli obiettivi aziendali.

Nel corso dell'esercizio appena conclusosi, l'Organo di Controllo ha promosso incontri periodici con i principali esponenti delle varie funzioni aziendali per verificare che la struttura organizzativa fosse orientata sia al perseguimento degli obiettivi di natura aziendale che al rafforzamento del sistema del controllo interno.

5. Attività di vigilanza sull'adeguatezza del sistema di controllo interno

La Società ha adottato fin dal 2016 il Modello di Organizzazione, Gestione e Controllo (nel seguito, *Modello*) redatto ai sensi e per gli effetti del D. Lgs. 231/2001, nonché il Codice Etico.

Nel corso degli anni il Modello ha subito aggiornamenti, così da adeguarlo ai riscontri applicativi nonché al quadro normativo di riferimento.

L'attività di aggiornamento per adeguarlo ai sopravvenuti mutamenti normativi, giurisprudenziali e dottrinali che hanno riguardato il D. Lgs. 231/2001 è stata completata con l'approvazione del nuovo testo da parte del Consiglio di Amministrazione in data 18 marzo 2020.

Il Modello e il Codice Etico sono reperibili sulla pagina web della Società.

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Durante le due riunioni tenute con l'Organismo di Vigilanza e nelle relazioni emesse in data 23 luglio 2020 e 5 marzo 2021 dall'Organismo di vigilanza il Collegio Sindacale ha acquisito informazioni sull'attività di vigilanza, sul funzionamento e dell'osservanza del Modello e sul suo aggiornamento, prendendo atto dell'assenza di violazioni o di fatti di rilievo.

Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno, acquisendo informazioni sia da riscontri diretti che dall'informativa resa, nel corso delle riunioni del Consiglio di Amministrazione, dal Responsabile della Funzione di *Internal Audit* e dall'Organismo di Vigilanza, nonché dalla partecipazione alle riunioni del CCRS istituito in aderenza alle indicazioni del Codice di Autodisciplina.

6. Attività di vigilanza sull'adeguatezza del sistema amministrativo contabile e sull'attività di revisione legale dei conti

Il Collegio Sindacale ha valutato e verificato l'adeguatezza del sistema amministrativo-contabile, nonché l'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle rispettive funzioni ed in particolare dal Dirigente Preposto, così come mediante l'esame di documenti aziendali e l'analisi dei risultati del lavoro svolto dal soggetto incaricato della revisione legale dei conti e dalla funzione di *Internal Audit*.

Nel rispetto di quanto previsto dall'art. 150 TUF, il Collegio Sindacale ha tenuto otto riunioni con il soggetto incaricato della revisione legale dei conti, di cui sei con KPMG (nel seguito, *Società di Revisione*) e due con la precedente Società di Revisione Deloitte S.p.A.. Nel corso di tali riunioni il Collegio Sindacale ha, *inter alia*, monitorato l'esecuzione del piano di *audit*,



discusso le questioni principali emerse dalla revisione e preso atto dell'assenza di aspetti per i quali fosse necessario procedere a specifici approfondimenti o riferire in questa sede.

Il Collegio Sindacale ha, inoltre, riscontrato l'adeguatezza della procedura adottata dalla Società al fine di rispettare le disposizioni del Regolamento di Consob recante norme di attuazione del TUF in materia di mercati riferito agli emittenti che controllano società costituite e regolate da legislazioni *extra* U.E.

Nella qualità di Comitato per il controllo interno e la revisione contabile *ex* art. 19 del D. Lgs. 39/2010 integrato dal D. Lgs. 135/2016 (nel seguito, ***Decreto Revisione***), il Collegio Sindacale ha in particolare:

- vigilato sull'adeguatezza del sistema amministrativo-contabile;
- monitorato il processo di formazione e diffusione dell'informativa finanziaria e l'attività di revisione legale dei conti;
- verificato e supervisionato l'indipendenza della Società di Revisione nominata, a norma del TUF e del Decreto Revisione, dall'Assemblea dei Soci del 24 aprile 2013 per la durata di nove esercizi (2013-2021);
- discusso con la Società di Revisione le misure adottate, per mitigare i rischi per l'indipendenza, in particolare per quanto concerne l'adeguatezza della prestazione di servizi diversi dalla revisione all'ente sottoposto a revisione per i quali più avanti verranno fornite informazioni più dettagliate;
- scambiato informazioni con la Società di Revisione e adempiuto agli ulteriori obblighi previsti dalla normativa;
- informato l'Organo di Amministrazione dell'esito della revisione legale

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e trasmesso al medesimo la relazione aggiuntiva di cui all'art. 11 del Regolamento europeo n. 537 del 16 aprile 2014;

- controllato l'efficacia dei sistemi di controllo interno della qualità;
- monitorato la revisione legale del bilancio d'esercizio e del bilancio consolidato;
- acquisito e tenuto conto della Relazione di Trasparenza della Società di Revisione.

Nel corso del 2020 la Società di Revisione ha svolto nell'interesse della Società e delle sue controllate prevalentemente attività di revisione legale; per l'analitica descrizione ed i relativi corrispettivi si rimanda all'apposito prospetto riportato, ex art. 149 *duodecies* del Regolamento Emittenti di Consob, in seno alle note illustrative del bilancio di esercizio e del bilancio consolidato della Società, rispettivamente, paragrafo "33.2" e "40".

Il Collegio Sindacale ha continuato, in osservanza al Regolamento n. 537/2014, il costante monitoraggio degli incarichi affidati dalla Società alla Società di Revisione, al fine di garantire il rispetto del limite del 70% della media dei corrispettivi versati negli ultimi tre esercizi per la revisione legale e ha concesso parere positivo al seguente incarico di servizi *non audit*:

- in data 20 febbraio 2020, è stato approvato il conferimento dell'incarico in relazione "al prospetto di calcolo dei parametri finanziari al 31 dicembre 2019 basati sul bilancio consolidato" previsti dal Trust Deed del prestito obbligazionario denominato Alerion Clean Power Senior Unsecured Notes due 2025 per Euro 9.000.

7. Proposte in ordine al bilancio di esercizio e alla sua approvazione e alle materie di competenza del Collegio Sindacale

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Bilancio Consolidato di ACP S.p.A. e la Relazione sulla Gestione

Il Bilancio Consolidato della Società per l'esercizio 2020, composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e Note Illustrative, che viene messo a Vostra disposizione, presenta un utile dell'esercizio di Euro 31,6 milioni. Esso è stato comunicato al Collegio Sindacale nei termini di legge, unitamente alla Relazione sulla Gestione, e risulta redatto secondo gli *International Financial Reporting Standards* (IFRS) e i provvedimenti emanati in attuazione dell'art. 9 D. Lgs. n. 38/2005.

Il Collegio Sindacale dà atto che, sulla base dei controlli effettuati, la Società di Revisione, con relazione emessa in data 22 marzo ha attestato che il Bilancio Consolidato del Gruppo Alerion Clean Power S.p.A. al 31 dicembre 2020 è conforme agli IFRS adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 D. Lgs. n. 38/2005 e che *"...fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2020, del risultato economico, dei flussi di cassa per l'esercizio chiuso a tale data"*.

La determinazione dell'area di consolidamento delle partecipazioni e delle procedure a tale fine adottate rispondono alle prescrizioni degli IFRS.

La struttura del Bilancio Consolidato è, quindi, da ritenersi tecnicamente corretta e, nell'insieme, conforme alla specifica normativa.

La Relazione sulla Gestione illustra in maniera esaustiva sia la situazione della Società che del Gruppo Alerion Clean Power, l'andamento della gestione nel suo complesso e nei vari settori in cui ha operato, nonché le

variazioni verificatesi, rispetto al precedente esercizio, nelle principali voci della Situazione Patrimoniale Finanziaria e del Conto Economico.

La Relazione sulla Gestione evidenzia, inoltre, i principali indicatori di *performance* economico-finanziaria, i rischi finanziari e gli altri rischi derivanti dall'attività.

La stessa, inoltre, espone i fatti più rilevanti avvenuti nel corso dell'esercizio e dopo la chiusura dello stesso, fornisce indicazioni sulla prevedibile evoluzione dell'attività per l'esercizio in corso e riassume le informazioni riguardanti gli assetti proprietari e di controllo (*ex art. 123 bis TUF*), rinviando per i dettagli all'apposita relazione sul governo societario.

In osservanza alle recenti raccomandazioni ESMA la Società ha dato, nella relazione di gestione, adeguate risposte ai "richiami di attenzione" sui possibili rischi e incertezze nel settore di attività derivanti dalla diffusione del COVID 19.

La Relazione, pertanto, appare completa rispetto alle prescrizioni di legge e regolamentari.

Uniformandosi ai più recenti indirizzi degli organi di vigilanza, le procedure di *impairment*, effettuate dalla Società in conformità al principio IAS 36, hanno formato oggetto di esplicita e puntuale approvazione da parte del Consiglio di Amministrazione prima di quella del progetto di Bilancio.

La Società di Revisione ha, infine, consegnato la relazione aggiuntiva ai sensi dell'art.11 del Regolamento europeo n. 537 del 16 aprile 2014, comprensiva della conferma annuale dell'indipendenza ai sensi del Decreto Revisione, senza la segnalazione di carenze significative.

Nel complesso, il Collegio Sindacale ritiene che i documenti sottopostiVi



forniscano una informativa chiara e completa, alla luce dei principi di verità e correttezza stabiliti dalla Legge.

Il Bilancio di sostenibilità

Ai sensi del D. Lgs 254/2016 la Società non ha redatto la Dichiarazione consolidata di carattere non finanziario in quanto non obbligata.

Il Bilancio di esercizio di Alerion Clean Power S.p.A.

Il Bilancio di esercizio di Alerion Clean Power S.p.A., composto da Situazione Patrimoniale Finanziaria, Conto Economico, Conto Economico Complessivo, Prospetto delle Variazioni di Patrimonio Netto, Rendiconto Finanziario e Note Illustrative, che viene messo a Vostra disposizione, presenta un utile di esercizio di 18,8 milioni di Euro e un patrimonio netto pari a 225,9 milioni di Euro.

In relazione allo stesso, il Collegio Sindacale dà atto che lo stesso è stato comunicato nei termini di Legge; l'Organo di Controllo ha verificato l'osservanza delle norme che regolano la sua impostazione e formazione, sia mediante i controlli da noi esercitati a norma dell'art. 149 TUF, sia avvalendosi delle informazioni fornite dalla Società di Revisione che, anche per il Bilancio di esercizio di Alerion Clean Power SpA, ha attestato con relazione emessa in data 22 marzo che *"... il bilancio di esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 Dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data"*.

8. Modalità di concreta attuazione delle regole di governo societario

Il Collegio Sindacale ha vigilato sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento; la Società



ha aderito alle previsioni del Codice di Autodisciplina. Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi fatti significativi tali da richiederne la segnalazione agli organi di controllo o la menzione nella presente relazione.

9. Attività di vigilanza sui rapporti con società controllate e controllanti

Durante la riunione del 3 novembre 2020, il Collegio Sindacale ha incontrato i rappresentanti legali e gli organi di controllo delle società partecipate, ai quali ha chiesto informazioni sulla loro attività di vigilanza, sull'assetto amministrativo delle società stesse e sui flussi informativi intervenuti dalla e verso la Società controllante, al fine di garantire il tempestivo adempimento degli obblighi di comunicazione previsti dalla legge.

Alla riunione hanno partecipato altresì il Responsabile della funzione *Internal Audit* e l'Organismo di Vigilanza.

Il Collegio Sindacale è stato informato che la Società ha provveduto ad impartire alle società controllate le istruzioni previste dalla normativa di riferimento.

Gli organi di controllo delle società controllate hanno altresì confermato, per quanto di competenza, il rispetto della legge, dello statuto e dei principi di corretta amministrazione, nonché l'adeguatezza dell'assetto organizzativo e del controllo interno.

10. Attività di vigilanza sulle operazioni con parti correlate

Il Collegio Sindacale ha preso atto che la Società ha effettuato, in maniera ordinaria e ricorrente, operazioni con società del Gruppo e con altre parti correlate, relative a rapporti di tipo commerciale, finanziario, e servizi di



consulenza, assistenza amministrativa e finanziaria, relativamente alle quali gli Amministratori, come detto, hanno reso debita informativa sia nella Relazione sulla Gestione che, in particolare, nella nota illustrativa punto n. 36 al Bilancio Consolidato e nella nota illustrativa punto n. 30 del Bilancio di ACP, attestandone la corrispondenza alle normali condizioni di mercato.

11. Omissioni e fatti censurabili rilevati. Pareri resi e iniziative intraprese

Nel corso dell'esercizio 2020, il Collegio Sindacale non ha ricevuto alcuna denuncia ex art. 2408 c.c.; parimenti non sono pervenuti esposti.

* * *

Tutto quanto sopra premesso ed osservato, il Collegio Sindacale dichiara che, sotto i profili di propria competenza, nulla osta all'approvazione del Bilancio dell'esercizio chiuso al 31 dicembre 2020 ed alla proposta di distribuzione dell'utile, che risulta conforme alle previsioni di Legge, nonché a quanto previsto dallo statuto.

Infine, Vi ricordiamo che con l'approvazione del Bilancio al 31 Dicembre 2020 termina il nostro mandato e, ringraziandovi per la fiducia accordata, Vi invitiamo a deliberare la nomina del nuovo organo di controllo.

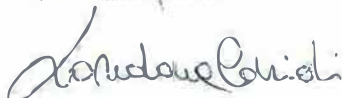
Milano, li 1 aprile 2021

PER IL COLLEGIO SINDACALE

Dr. Francesco Schiavone Panni – Presidente

Dr. Michele Adile – Sindaco effettivo

Dr.ssa Loredana Conidi – Sindaco effettivo





KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of
Alerion Clean Power S.p.A.*

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Alerion Clean Power S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Alerion Clean Power S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These

matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates

Notes to the separate financial statements: note 6 "Investments in subsidiaries" and note 7 "Investments in joint ventures and associates"

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2020 include investments in associates of €290.4 million and investments in joint ventures and associates of €45.6 million.</p> <p>The company tests the carrying amounts of these equity investments for impairment at least annually and whenever there are indicators of impairment, by comparing them to the related recoverable amounts.</p> <p>It did not test its investments in the subsidiaries Fri-El Nulvi Holding S.r.l. and FW Holding S.r.l. and associates Fri-El Guardionara S.r.l., Andromeda Wind S.r.l. and Fri-El Anzi Holding S.r.l. for impairment, since their carrying amounts, totalling €89.8 million and €29 million, respectively, at 31 December 2020, had already been assessed upon their initial recognition during the year.</p> <p>The directors estimated the recoverable amount of the equity investments tested for impairment based on their value in use, calculated using the discounted cash flow model.</p> <p>The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective about:</p> <ul style="list-style-type: none"> — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate of the expected cash flows. <p>For the above reasons and due to the materiality of the relevant captions, we believe that the recoverability of the carrying amount of investments in subsidiaries, joint</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the process adopted to prepare the impairment test approved by the company's board of directors; — checking whether how the directors carried out impairment tests complied with the IFRS; — understanding the process adopted for preparing the subsidiaries' and joint ventures' forecasts, on which basis the expected cash flows used for impairment testing have been estimated; — analysing the reasonableness of the assumptions used to prepare the forecasts; — checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — checking the mathematical accuracy of the model used to calculate value in use; — checking whether the right-of-use assets (IFRS 16) had been appropriately included in the carrying amounts considered and whether the cash flows had been identified consistently for the purposes of determining the recoverable amount; — checking the sensitivity analysis made by the directors and presented in the notes in relation to the main key



ventures and associates is a key audit matter.

assumptions used for impairment testing;

- checking whether the investments in subsidiaries and associates acquired during the year had been accurately recognised at their acquisition-date fair value;
 - assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of investments in subsidiaries, joint ventures and associates.
-

Other matters

Comparative figures

The company's 2019 separate financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 2 April 2020.

Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the company's separate financial statements does not extend to such data.

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

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by 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 separate 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, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial 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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.



Alerion Clean Power S.p.A.
Independent auditors' report
31 December 2020



Alerion Clean Power S.p.A.
Independent auditors' report
31 December 2020

Other information required by article 10 of Regulation (EU) no. 537/14

On 5 September 2019, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2020 to 31 December 2028.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 22 March 2021

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit

Annex A

List of equity investments held at 31 December 2020 and changes therein during the year

	31.12.2019					31.12.2020	
	%	Amount	Increases	Decreases	Impairment losses	%	Amount
Investments in consolidated subsidiaries							
Alerion Servizi Tecnici e Sviluppo S.r.l.	100	712,776	-	-	-	100	712,776
FRI-EL Albareto S.r.l.	100	4,700,000	500,000	-	-	100	5,200,000
Green Energy Sardegna S.r.l.	100	7,700,000	-	-	-	100	7,700,000
Eolica PM S.r.l.	100	17,950,000	-	-	-	100	17,950,000
Alerion Bioenery S.r.l.	100	-	-	-	-	100	-
Alerion Real Estate S.r.l. in liquidation	100	672,804	-	-	-	100	672,804
Callari S.r.l.	100	6,064,331	3,917,343	-	-	100	9,981,674
Eolo S.r.l.	100	3,418,283	-	-	-	100	3,418,283
Dotto S.r.l.	100	7,724,022	-	-	-	100	7,724,022
Krupen Wind S.r.l.	100	115,580	50,000	-	-	100	165,580
Minerva S.r.l.	100	10,078,964	-	-	-	100	10,078,964
Renergy San Marco S.r.l.	100	18,690,328	-	-	-	100	18,690,328
Ordonia Energia S.r.l.	100	6,365,000	1,600,000	-	-	100	7,965,000
Parco Eolico Licodia Eubea S.r.l.	80	5,508,035	-	-	-	80	5,508,035
Wind Power Sud S.r.l.	100	8,613,899	23,175,441	-	-	100	31,789,340
Alerion Spain S.L.	51	58,037	-	-	-	51	58,037
FRI-EL Ichnusa S.r.l.	100	59,719,206	-	-	-	100	59,719,206
Anemos Wind S.r.l.	100	3,500,000	-	-	-	100	3,500,000
FW Holding S.r.l.	-	-	70,000,000	-	-	100	70,000,000
FRI-EL Nulvi Holding S.r.l.	-	-	19,800,000	-	-	90	19,800,000
Alerion Iberia S.L.	-	-	50,000	-	-	100	50,000
Naonis Wind S.r.l.	-	-	911,075	-	-	100	911,075
Enermac S.r.l.	-	-	8,850,126	-	-	100	8,850,126
Alerion Romania S.A.	95	-	-	-	-	95	-
Alerion Bulgaria A.D.	92.5	-	-	-	-	92.5	-
Total		161,591,265	128,853,985	-	-		290,445,250
Investments in joint ventures and associates							
Ecoenergia Campania S.r.l.	50	2,405,706	-	-	-	50	2,405,706
Andromeda Wind S.r.l.	-	-	11,500,000	-	-	49	11,500,000
FRI-EL Anzi Holding S.r.l.	-	-	8,000,000	-	-	49	8,000,000
FRI-EL Guardionara S.r.l.	-	-	9,500,000	-	-	49	9,500,000
New Green Molise S.r.l.	50	14,240,428	-	-	-	50	14,240,428
Total		16,646,134	29,000,000	-	-		45,646,134
Total		178,237,399	157,853,985	-	-		336,091,384