2021 ANNUAL REPORT

ALERIONCLEANPOWER
THE WIND ENERGY COMPANY

CONTENTS

CORPORATE BODIES

Board of directors*

Josef Gostner	Chairman and chief executive officer [1]	
Georg Vaja	Deputy chairman and chief executive officer [1]	in office until 31 December 2021
Stefano Francavilla	Deputy chairman and chief executive officer [1]	As of 1 January 2022
Patrick Pircher	Director [1]	
Antonia Coppola	Director [2] [4]	
Nadia Dapoz	Director [2] [3]	
Carlo Delladio	Director [3] [4]	
Elisabetta Salvani	Director [2] [4]	
Germana Cassar	Director	
Flavia Mazzarella	Director [3] [3]	in office until 31 December 2021
Pietro Mauriello	Director	As of 28 January 2022
Stefano D'Apolito	Director	

[1]1 Directors with operating powers
[2]2 Members of the control, risks and sustainability committee
[3]3 Members of the remuneration and appointments committee
[4]4 Members of the committee for related party transactions

Board of statutory auditors

Francesco Schiavone Panni	Chairman
Loredana Conidi	Standing statutory auditor
Alessandro Cafarelli	Standing statutory auditor
Alice Lubrano	Alternate statutory auditor
Roger Demoro	Alternate statutory auditor

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

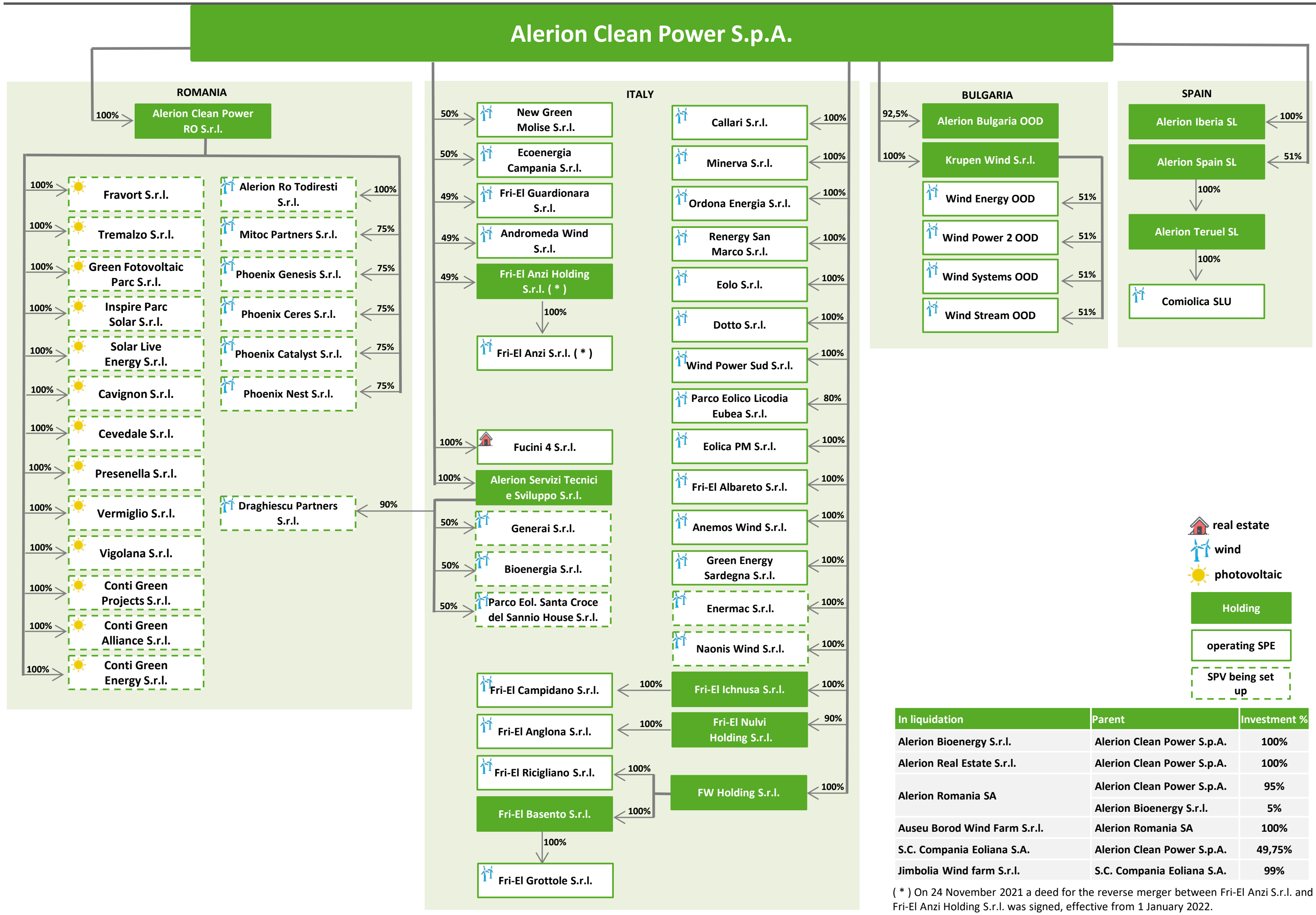
Stefano Francavilla

Independent auditors

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

*'in office since 7 May 2021

GROUP STRUCTURE



In liquidation	Parent	Investment %
Alerion Bioenergy S.r.l.	Alerion Clean Power S.p.A.	100%
Alerion Real Estate S.r.l.	Alerion Clean Power S.p.A.	100%
Alerion Romania SA	Alerion Clean Power S.p.A.	95%
	Alerion Bioenergy S.r.l.	5%
Auseu Borod Wind Farm S.r.l.	Alerion Romania SA	100%
S.C. Compania Eoliana S.A.	Alerion Clean Power S.p.A.	49,75%
Jimbolia Wind farm S.r.l.	S.C. Compania Eoliana S.A.	99%

(*) On 24 November 2021 a deed for the reverse merger between Fri-El Anzi S.r.l. and Fri-El Anzi Holding S.r.l. was signed, effective from 1 January 2022.

DIRECTORS’ REPORT

PLANT LOCATION

ALERIONCLEANPOWER
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 - EURONEXT MILAN. The Alerion Group's (the "group") headquarters are at Viale Luigi Majno 17 in Milan.
This 2021 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 2021.

The parent's board of directors approved this report on 18 March 2022.

KEY EVENTS OF THE YEAR

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

AWARD OF 12.6 MW IN THE GSE AUCTION
On 10 February 2021, the group company Naonis Wind S.r.l. was awarded 12.6 MW of new renewable energy in the FER (renewable energy sources) auction called by the Italian energy services operator, Gestore Servizi Energetici S.p.A. ("GSE") for a wind farm located in the municipality of Cerignola (FG). It will benefit from a feed-in tariff of €68.5/MWh for 20 years.

AGREEMENT TO DEVELOP PHOTOVOLTAIC SYSTEMS IN ROMANIA WITH TOTAL CAPACITY OF AROUND 200 MW AND ACQUISITION OF THE RELATED SPEs

On 10 February 2021, Alerion signed an agreement to develop photovoltaic systems in Romania with PV Project RO S.r.l.. They have agreed to commission photovoltaic systems with total installed capacity of around 200 MW. On 8 June 2021, the group acquired 100% of the three photovoltaic SPEs, Green Fotovoltaic Parc S.r.l., Tremalzo S.r.l. and Fravort S.r.l., whose systems are under construction for installed peak capacity of roughly 14.3 MW. At year end, the group has systems under construction for installed capacity of an additional 43.5 MW.

AGREEMENT TO PURCHASE WIND TURBINES FOR ENERMAC S.r.l.

On 3 March 2021, the group company Enermac S.r.l. signed an agreement with Siemens Gamesa Renewable Energy S.A. to purchase 15 SG 3.4-132 wind turbines with capacity of 3.4 MW for its wind farm in Orta Nova, Puglia. The wind farm will have total capacity of 51 MW and an estimated average annual production output of around 130 GWh/year. It should become operational during the first half of 2022 as per the 2021-2023 business plan.

AGREEMENT TO DEVELOP THREE NEW WIND PROJECTS IN ROMANIA WITH TOTAL CAPACITY OF AROUND 350 MW AND ACQUISITION OF THE RELATED SPEs

On 5 May 2021, the group signed an agreement with Monsson Alma S.r.l., a market leader in the wind energy sector in Romania, and the shareholders of the individual SPEs to develop three wind farms in Romania with maximum capacity of around 350 MW. The agreement provides for the acquisition of additional stakes in the SPEs as the related permits are obtained.

PRE-CAPITAL INCREASE PROCEDURES

On 10 May 2021, the parent's board of directors announced that, at its meeting of 7 May 2021, it resolved to commence the preparatory procedures for the placing of the parent's shares in accordance with the proxy given to it by the shareholders on 26 March 2021. Should the market conditions be favourable and the authorisations be obtained from Borsa Italiana and Consob (the Commission for Listed Companies and the Stock Exchange), the shares will be issued as part of a capital increase against payment without rights of first option as per article 2441.5 of the Italian Civil Code for a maximum amount of €300 million (the "capital increase").

On 9 July 2021, the parent's board of directors resolved to update the business plan's capital structure in order to change the ratio of own funds to third party funds, decreasing the equity requirement from the originally-envisaged maximum €300 million to €200 million. As a result, it also resolved to set the amount of the capital increase as €200 million.

On 26 November 2021, the parent's board of directors resolved to refresh the 2021-2023 business plan approved on 2 February 2021 and updated on 9 July 2021. This decision is based on the market's current positive performance, mostly driven by the rise in electricity prices, and the roll-out of a strategic reorganisation project to identify an industrial or financial partner that would provide the parent with the financial resources necessary to achieve its investment programme of the coming years.
Therefore, the board of directors resolved not to exercise the proxy to increase share capital before 31 December 2021 given to it by the parent's shareholders in their extraordinary meeting of 26 March 2021.

INCORPORATION OF THE ROMANIAN COMPANY ALERION CLEAN POWER RO S.r.l.
On 14 May 2021, Alerion incorporated the Romanian company Alerion Clean Power RO S.r.l. ("Alerion RO") with a share capital of RON10,000, which it has fully subscribed. This subsidiary will act as a holding company of the investments in the SPEs that will develop the group's business in Romania.

ACQUISITION OF 50% OF SPEs
In 2021, through its subsidiary Alerion Servizi Tecnici e Sviluppo S.p.A., the parent acquired 50% of: i) Generai S.r.l. on 14 May 2021, ii) Bioenergia S.r.l. on 9 July 2021, and iii) Parco Eolico Santa Croce del Sannio House S.r.l. on 24 September. These SPEs are engaged in the development and preparatory activities to design wind farms in the province of Foggia.

2021-2027 GREEN BONDS
On 3 November 2021, the parent issued new Alerion Clean Power S.p.A. Senior Unsecured Notes due 2027 (the "notes") of €200 million to be redeemed on 3 November 2027 as part of its public offering (the "offering"). It will pay the annual coupon of €4.5 million in arrears on 3 November of each year, starting from 3 November 2022.

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 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.

The alternative performance indicators presented in this report are described below.

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.

Financial debt is calculated in accordance with the ESMA guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). Financial debt is not indicated as an accounting measure under the IFRS.

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 for reporting purposes (net of derivatives and lease liabilities) is also reported as it is relevant for determining the financial parameters required by the regulation for both bond issues placed by the group on 19 December 2019 and 3 November 2021, in line with the parent's Green-Bond Framework.

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 2021, the parent's share price was €29.55, after distributing a dividend of €0.28 to each share on 3 May 2021. This performance represented a 179% increase on 31 December 2020 achieved in a year characterised by the fluctuating performance of the stock market indexes: FTSE All Share (+22.1%), FTSE Mid Cap (-0.60%) and Euro Stoxx Utilities Index (+20.99%).

In 2021, the share price ranged from a minimum of €10.70 when the stock market opened on 4 January 2021 to a maximum of €29.55 at the close of the year (31 December 2021) as shown in the following graph on the actual average monthly prices:

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

Share price	€
Price at 31 December 2021	29.55
Maximum price (29/12/2021)	30.00
Minimum price (at start of year - 04/01/2021)	10.65
Average price	15.96

Volumes traded	Shares (no.)
Maximum volume (05/01/2021)	602,552
Minimum volume (01/07/2021)	3,502
Average volume	61,913

At 31 December 2021, the parent's stock market capitalisation is approximately €1,602 million compared to €575 million at the end of 2020.

The average number of shares traded during the year was 54,120,030.

KEY RESULTS

Statement of profit or loss (€m)	2021	2020
Revenue	153.8	109.3
Gross operating profit	131.9	81.1
Profit for the year	50.2	31.6
Profit attributable to the owners of the parent	48.7	31.0
Statement of financial position (€m)	**31.12.2021**	**31.12.2020**
Equity	231.6	207.0
Financial debt*	502.5	491.0
Financial debt* (excluding derivatives)	482.6	475.9
Operating figures	**2021**	**2020**
Gross capacity (MW)	750.8	750.8
Electricity production (GWh) [1]	1,205	1,051
Electricity production (GWh) - Consolidated plants	1,077	990

[1] Consolidated plants and plants owned by equity-accounted investees

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

THE GROUP'S PERFORMANCE

The group's operating performance in 2021 saw total electricity of 1,077 GWh produced by the consolidated plants, up from the 990 GWh in the previous year. This upturn of around 8.8% is due to the greater windiness in 2021.

Total capacity did not increase and remained stable at 750.8 MW.

ALERION GROUP - Reclassified statement of profit or loss

(€m)	2021	2020
Revenue	148.6	100.6
Other revenue and income	5.2	8.7
Total revenue and income	**153.8**	**109.3**
Personnel expenses	(2.9)	(2.5)
Other operating costs	(32.9)	(29.9)
Accruals to provisions for risks	(0.2)	(0.4)
Operating costs	**(36.0)**	**(32.8)**
Share of profit of equity-accounted investees	**14.1**	**4.6**
Gross operating profit	**131.9**	**81.1**
Amortisation, depreciation and impairment losses	(41.0)	(40.6)
Operating profit	**90.9**	**40.5**
Net financial expense	(22.4)	(28.2)
Profit before tax	**68.5**	**12.3**
Income taxes	(18.3)	19.3
Profit for the year	**50.2**	**31.6**
Profit attributable to non-controlling interests	1.5	0.6
Profit attributable to the owners of the parent	**48.7**	**31.0**

Total revenue and income amount to €153.8 million (€109.3 million in 2020). Specifically, **revenue** increased by approximately 47.7% from €100.6 million in 2020 to €148.6 million for the year, driven by the upturn in electricity production and especially the strong hike in the selling price of electricity during the year.

This growth in revenue is the direct result of: i) the increase in the selling price of electricity, mostly as a result of the performance of international markets throughout the year, especially in the last quarter (it is expected that prices will continue to be high in 2022); ii) an increase in the unit incentive for wind farms that benefit from the feed-in tariff (FIP, formerly "green certificates") scheme of €109.4/MWh compared to €99.1/MWh for 2020; and finally iii) the greater volume of electricity produced by the wind farms in the year (approximately +6%) compared to 2020.

Revenue from electricity sales reflects the effects of the hedges entered into by the parent to reduce the risk of volatile prices as these derivatives directly reduced this revenue by approximately €48.9 million. More information is available in note 38 to the consolidated financial statements.

A breakdown of the average prices per zone and the variable price (PUN) for Italy in 2021 and 2020 is as follows:

(€/Mwh) Italy	2021	2020	Δ	Δ %
PUN - national single price	125.5	38.9	86.5	222%
North Italy	125.2	37.8	87.4	231%
Central Italy	125.4	38.7	86.7	224%
Central-South Italy	125.3	39.7	85.6	216%
South Italy	123.6	39.0	84.6	217%
Sardinia	123.6	39.0	84.6	217%
Sicily	129.0	46.2	82.8	179%
Feed-in tariff (former green certificates) - Italy	109.4	99.1	10.3	10%

With resolution 26/2022/R/efr of 26 January 2022, the Italian regulatory authority for energy, networks and the environment ("Arera") announced, for the purposes of determining the 2022 feed-in tariff, that the average annual selling price of electricity was €125.06/MWh in 2022. Accordingly, the 2022 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 €42.9/MWh. Based on GSE's procedures, these feed-in tariffs are paid by GSE on a monthly basis by the end of the second month following the reference month. The following table shows the average feed-in tariffs for 2020, 2021 and 2022:

(€/Mwh)	2022	2021	2020
Feed-in tariff (former green certificates) - Italy	42.9	109.4	99.1

The 2021 average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €230.4/MWh, compared to €135.8/MWh in 2020. Specifically:

- the average selling price of electricity is €121.0/MWh compared to €36.7/MWh in 2020;
- the average feed-in tariff for the year is €109.4/MWh (€99.1/MWh in 2020).

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.

Other revenue and income of €5.2 million (€8.7 million in 2020) mostly relate to: i) the effects of the different method used to measure the provisions for risks for future decommissioning costs of the operating wind farms based on the technical appraisals prepared by sector experts, which led to the recognition of a gain of €2.8 million in profit or loss, ii) insurance compensation received during the year, iii) government grants received to build wind farms and released to profit or loss over their estimated useful lives, and iv) administrative and technical consultancy services provided to third parties and equity-accounted investees.

The following table shows the electricity production figures of the group's operating wind farms in 2021:

Site	Total capacity (MW)	Investment (%)	Consolidated capacity (MW)	Year of entry intro production	Last year of incentives	Consolidated production (MWh)	
Subsidiaries' wind farms (consolidated)						**2020**	**2021**
Operating wind farms - Italy							
Albanella (SA)	8.5	100%	8.5	2004	2016	9,074	9,641
Albareto (PR)	19.8	100%	19.8	2019	2039	35,938	43,535
Agrigento (AG)	33.2	100%	33.2	2007	2019	47,003	48,758
Callari (CT)	36.0	100%	36.0	2009	2023	45,306	55,539
Castel di Lucio (ME)	23.0	100%	23.0	2010	2025	29,758	36,953
Ciorlano (CE)	20.0	100%	20.0	2008	2023	14,980	17,569
Fri-El Campidano (VS)	70.0	100%	70.0	2008	2023	102,709	114,816
Grottole (MT)	54.0	100%	54.0	2009	2024	99,889	99,268
Licodia (CT)	22.1	80%	22.1	2010	2025	27,808	29,572
Morcone-Pontelandolfo (BN)	51.8	100%	51.8	2019	2039	128,250	146,735
Nulvi-Tergu (SS)	29.8	90%	29.8	2008	2023	48,090	50,130
Ordona (FG)	34.0	100%	34.0	2009	2024	57,706	60,215
San Marco in Lamis (FG)	44.2	100%	44.2	2011	2026	61,969	62,680
Regalbuto (EN)	50.0	100%	50.0	2010	2024	50,299	59,745
Ricigliano (SA)	36.0	100%	36.0	2007	2019	54,093	59,635
Villacidro (VS)	30.8	100%	30.8	2019	2039	65,552	69,472
Total	**563.0**		**563.0**			**878,424**	**964,262**
Operating wind farms - abroad							
Comiolica (Spain)	36.0	100%	36.0	2012	2032	85,658	88,098
Krupen (1,2,3,4) (Bulgaria)	12.0	51%	12.0	2010	2025	26,102	24,770
Total	**48.0**		**48.0**			**111,760**	**112,868**
Total subsidiaries' wind farms	**611.0**		**611.0**			**990,184**	**1,077,130**
Equity-accounted investees' wind farms (1)							
Operating wind farms - Italy							
Lacedonia (AV)	15.0	50%	7.5	2008	2023	10,393	12,579
San Martino in Pensilis (CB)	58.0	50%	29.0	2010	2025	50,298	53,614
Anzi (PZ)	16.0	49%	7.8	2011	2026	-	16,425
San Basilio (CA)	24.7	49%	12.1	2010	2025	-	20,243
Ururi (CB)	26.0	49%	12.7	2010	2026	-	24,659
Total	**139.7**		**69.2**			**60,691**	**127,520**
Total	**750.7**		**680.2**			**1,050,875**	**1,204,650**

(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 €131.9 million, up 62.6% on 2020 (€81.1 million), reflecting the increase in revenue as described earlier, driven by the greater production of electricity in the year and the large hike in electricity selling prices. Other operating costs of €32.9 million are substantially in line with the previous year’s figure. In addition, the **gross operating profit** includes the group’s share of profits of equity-accounted investees of €14.1 million, a significant increase on the €4.6 million of 2020. This increase is due to the contribution for the entire year of the acquisitions finalised at the end of December 2020 of 49% of Andromeda Wind S.r.l., Fri-El Anzi Holding S.r.l. and Fri-El Guardionara S.r.l., which each own a wind farm for a total installed capacity of 66.65 MW.

The **operating profit** more than doubled to €90.9 million for the year, compared to €40.5 million in 2020, after amortisation, depreciation and impairment losses of €41 million. In 2020, amortisation, depreciation and impairment losses included the reversal of part of the impairment loss (approximately €1 million) recognised on the concessions for the wind farms in Ciorlano and Albanella.

The **profit before tax** of €68.5 million shows a large increase on the €12.3 million profit for the previous year. It includes financial expense and net gains on equity investments and other financial assets of approximately €22.4 million (a significant decrease compared to €28.2 million in 2020). This €5.8 million reduction is mostly due to: i) smaller financial expense paid by Callari S.r.l. and Ordona Energia S.r.l. as a result of their prepayment of project financing at the end of March 2021, ii) the greater expense recognised in profit or loss for the early replacement of the 2018-2024 bonds for €150 million (greater expense of €2.8 million as a fine for the pre-redemption and €1.5 million due to the recognition of the transaction costs of the previous bond issue) with a new issue of €200 million redeemable in 2027, and iii) the impact of the release of the hedging reserve (approximately €4.4 million) set up for the project financing taken out by Ordona and Callari, to profit or loss in 2020 after they prepaid such financing.

The **profit for the year** amounts to €50.2 million, which is a very positive increase on the €31.6 million for 2020. It includes income taxes of roughly €18.3 million while the group had an income tax benefit of €19.3 million in 2020 as a result of the tax effects of the law allowing the revaluation of company assets (article 110 of the "August" decree of 14 August 2020). 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, in 2020, 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 €48.7 million compared to €31 million for 2020.

The **profit attributable to non-controlling interests** comes to €1.5 million (€0.6 million in 2020).

Financial position and cash flows

	31.12.2021	31.12.2020	Change
Intangible assets	*201.3*	*198.1*	*3.2*
Property, plant and equipment	*490.5*	*455.6*	*34.9*
Financial assets	*61.6*	*50.0*	*11.6*
Non-current loans	*7.2*	*4.4*	*2.8*
Non-current assets	**760.6**	**708.1**	**52.5**
Other non-financial liabilities, net	(26.5)	(10.1)	*(16.4)*
NET INVESTED CAPITAL	**734.1**	**698.0**	**36.1**
Equity attributable to the owners of the parent	227.1	202.5	*24.6*
Equity attributable to non-controlling interests	4.5	4.5	*0.0*
EQUITY	**231.6**	**207.0**	**24.6**
Cash and cash equivalents	123.6	147.7	*(24.1)*
Other financial liabilities, net	(626.1)	(638.7)	*12.6*
Financial debt *	**(502.5)**	**(491.0)**	**(11.5)**
EQUITY + FINANCIAL DEBT*	**734.1**	**698.0**	**36.1**

* Financial debt calculated as per the ESMA32-382-1138 Guidelines

Changes in the consolidation scope compared to 31 December 2020 have not had a significant impact on the group's cash flows and results of operations for the year as they mostly refer to the acquisition of companies that are in a start-up phase.

At 31 December 2021, **property, plant and equipment** and **intangible assets** amount to €691.8 million (€653.7 million at 31 December 2020). The €38.1 million increase is net of amortisation and depreciation of €41 million and reflects the greater investments made mostly in Italy and Romania during the year.

Other non-financial liabilities, net include trade receivables on the sale of electricity and amounts due under feed-in tariff schemes totalling €47.2 million compared to €17 million at 31 December 2020. Specifically, amounts due under feed-in tariff schemes from GSE amount to €14.6 million (€10 million at 31 December 2020).

Equity attributable to the owners of the parent increased by €24.6 million to €227.1 million at 31 December 2021. This increase is mostly a result of: i) the profit for the year attributable to the owners of the parent of €48.7 million; ii) the fair value losses on derivatives hedging bank project financing and commodity swaps on electricity prices of €6 million, net of the related tax; iii) repurchases of own shares of €3.1 million as resolved by the shareholders on 26 April 2021; and iv) the distribution of dividends of €15.2 million as per the shareholders' resolution of 26 April 2021.

Financial debt amounts to €502.5 million at 31 December 2021, up €11.5 million on 31 December 2020, in order to bolster the scheduled investments in Romania and Italy communicated to the market at the start of the year.

A breakdown of financial debt at 31 December 2021 and 31 December 2020 is as follows:

(€m)		
	2021	**2020**
Cash flows generated by operating activities	116.8	66.2
Cash flows used in investing activities	(76.6)	(3.7)
Cash flows used in acquisitions	0.0	(90.7)
Cash held by the acquirees at the acquisition date	0.0	16.6
Effects of the change in the consolidation scope	0.0	(27.7)
Net financial expense and net fair value losses on derivatives	(40.0)	(31.9)
Effect of IFRS 16 FTA	0.0	(5.3)
Dividends received from equity-accounted investees	4.0	2.8
Dividends distributed	(15.7)	(10.1)
Increase in financial debt*	**(11.5)**	**(83.8)**
Opening financial debt*	**(491.0)**	**(407.2)**
CLOSING FINANCIAL DEBT*	**(502.5)**	**(491.0)**

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

Note 27 to the consolidated financial statements includes the table on financial debt prepared in accordance with the ESMA Guidelines 32-232-1138 of 4 March 2021.

The increase in financial debt is principally due to: i) cash flows of approximately €116.8 million generated by operating activities; ii) cash flows of approximately €76.6 million used in investing activities, mostly for investments made in Romania and Italy; iii) net financial expense and fair value losses on derivatives of €40 million; iv) dividends of €4 million received from equity-accounted investees; and v) dividends of €15.7 million distributed during the year.

The following table shows the group's financial debt calculated in accordance with the ESMA Guidelines set out in section 175 of "Guidelines on disclosure requirements under the Prospectus Regulation" (04/03/2021 | ESMA32-382-1138). It also shows the financial parameters of the covenants provided for in the regulations of the notes issued by the parent and traded on the regulated market (the 2019-2025 green bonds and the 2021-2027 green bonds placed in 2021). At the reporting date, the covenants have been complied with.

ALERION GROUP - Financial debt

(€m)	31.12.2021	31.12.2020
Cash and cash equivalents		
Cash	123.6	147.7
Total cash and cash equivalents	**123.6**	**147.7**
Loans and other current financial assets	0.5	1.0
Liquidity	**124.1**	**148.7**
Current financial liabilities		
Bank facilities	(19.0)	(12.1)
Derivatives	(15.8)	(2.9)
Current loans and borrowings	**(34.8)**	**(15.0)**
Bank loans and borrowings and project financing	(25.9)	(68.5)
Lease liabilities	(1.2)	(1.1)
Finance lease liabilities	(5.3)	(4.7)
Derivatives	(1.1)	(5.7)
Accrued interest on bonds	(1.0)	(3.1)
Other loans and borrowings	(0.3)	(0.2)
Current portion of non-current loans and borrowings	**(34.8)**	**(83.3)**
Current financial debt	**(69.6)**	**(98.3)**
NET CURRENT FINANCIAL POSITION	**54.5**	**50.4**
Non-current financial liabilities		
Bank loans and borrowings and project financing	(106.9)	(132.9)
Other loans and borrowings	(12.2)	(12.2)
Lease liabilities	(19.8)	(19.5)
Finance lease liabilities	(19.2)	(24.6)
Derivatives	(3.0)	(6.5)
Non-current loans and borrowings	**(161.1)**	**(195.7)**
Bonds issued	(395.9)	(345.7)
Debt instruments	**(395.9)**	**(345.7)**
Trade payables and other non-current liabilities	**-**	**-**
NON-CURRENT FINANCIAL DEBT	**(557.0)**	**(541.4)**
FINANCIAL DEBT*	**(502.5)**	**(491.0)**
FINANCIAL DEBT* (excluding derivatives)	**(482.6)**	**(475.9)**
Loans and other non-current financial assets	**7.2**	**4.4**
FINANCIAL DEBT FOR REPORTING PURPOSES	**(495.3)**	**(486.6)**

(*) Financial debt calculated as per the ESMA32-382-1138 Guidelines

FINANCIAL COVENANTS provided for by financing agreements

FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives	**(475.4)**	**(471.5)**
FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives and operating lease liabilities	**(454.3)**	**(450.9)**

Leverage, which is the ratio of net financial debt to net invested capital, is 68.5% at 31 December 2021 (70.3% at 31 December 2020).

Financial debt (excluding derivatives) amounts to €482.6 million at 31 December 2021 compared to €475.9 million at 31 December 2020.

Cash and cash equivalents decreased by €24.1 million to €123.6 million at 31 December 2021. The main reasons for this reduction are the use of cash to repay their loans by Callari S.r.l. and Ordona Energia S.r.l., as described earlier, and to make investments in farms under construction and to be developed in Romania and Italy.

Current financial debt, including derivatives, decreased by €28.7 million from €98.3 million at 31 December 2020 to €69.6 million at 31 December 2021. This reduction is mostly due to i) the above-mentioned prepayment of their project financing by Ordona Energia S.r.l. and Callari S.r.l. (already reclassified to current financial liabilities at 31 December 2020); ii) the greater use of its credit facilities for €6.9 million by the parent during the year and the fair value losses of €8.3 million on derivatives recognised under current financial liabilities.

Non-current financial debt, including derivatives, amounts to €557 million (€541.4 million at 31 December 2020) and includes i) bonds issued of €395.9 million, being the 2019-2025 bonds of €200 million subscribed on 12 December 2019, net of the outstanding transaction costs of €2 million, and the 2021-2027 bonds of €200 million subscribed on 3 November 2021, net of the outstanding transaction costs of €1.9 million; ii) the non-current portion of project financing of €106.9 million, net of the amounts that fell due on 31 December 2021; and iii) the non-current portion of lease liabilities of €39 million recognised in accordance with IFRS 16 "Leases".

Interest of €2.9 million accrued on the 2018-2024 bonds at 31 December 2020, and recognised as current financial liabilities at that date, was paid on 30 June 2021.On 3 November 2021, these bonds were redeemed in advance and the parent paid the related fine of approximately €2.8 million as provided for in the regulation.

Loans and other non-current financial assets increased by €4.4 million to €7.2 million at 31 December 2021 and mostly refer to loans given to equity-accounted investees.

Reference should be made to the note to "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 2021 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 2021

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 €187.3 million; ii) development costs of €11.8 million; iii) patents and intellectual property and other assets of €0.2 million; and iv) assets under development of €1.9 million (note 5);

- ***Property, plant and equipment***: this sub-caption comprises i) land and buildings of €32.6 million; ii) plant and machinery of €396.7 million; and iii) assets under construction of €60.9 million, related to investments in wind farms and iv) "Other assets" of €0.3 million (note 7);

- ***Financial assets***: this sub-caption comprises the equity investments recognised under non-current financial assets in "Equity-accounted investments" of €61.6 million (note 8).

- ***Non-current loans***: this sub-caption includes loans and other non-current financial assets of €7.2 million (note 9).

Other non-financial assets and liabilities, this caption includes: i) trade receivables from associates and other companies of €38.3 million (note 11); ii) deferred tax assets of €46.3 million (note 33); iii) tax assets (note 12) and other current assets (note 13) of €38.2 million; iv) trade payables of €14.2 million (note 23); v) post-employment benefits and other employee benefits of €0.6 million (note 19); vi) deferred tax liabilities of €41.9 million (note 33); vii) provisions for future risks and charges of €56.7 million (note 20); viii) other non-current liabilities of €14.4 million (note 21); ix) tax liabilities of €13.3 million (note 24); and x) other current liabilities of €12.9 million (note 25);

Cash and cash equivalents, this caption includes cash and cash equivalents of €123.6 million (note 15);

Other financial assets and liabilities, this caption includes: i) loans and other current financial assets of €0.5 million (note 14); ii) non-current financial liabilities of €554 million (note 17); iii) current financial liabilities of €52.7 million (note 22); and iv) derivatives, classified under current and non-current liabilities, of €19.9 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 €148.6 million; and ii) other revenue and income of €5.2 million (notes 27 and 28);

Net financial expense, this caption includes i) the net financial expense of €22.3 million; and ii) net losses on equity investments and other financial assets of €0.1 million (notes 31 and 32).

Income taxes, this caption comprises: i) current taxes of €14.9 million, and ii) deferred taxes of €3.4 million (note 33).

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

€'000	Equity at 31 December 2021 attributable to the owners of the parent	Profit for 2021 attributable to the owners of the parent
Alerion Clean Power S.p.A.	**218,662**	**11,009**
Difference between the carrying amount and the group's share of the subsidiaries' equity	(96,630)	11,017
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)	37,249	(1,356)
Recognition of intangible assets with finite lives acquired as a result of business combinations at fair value in accordance with IFRS 3	89,359	(4,643)
Recognition of derivatives	(2)	9,781
Recognition of derivatives - IAS 39, including those related to investments in joint ventures	1	(75)
Adjustment of equity-accounted investments to the group's share of the investees' equity	14,658	14,204
Adjustment of investments in associates to the group's share of the associates' equity - IAS 28, IFRS 11	(265)	(44)
Elimination of intragroup transactions	(2,421)	364
Other consolidation adjustments	(33,513)	8,481
Consolidated financial statements	**227,098**	**48,738**

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 Clean Power S.p.A. - Reclassified statement of profit or loss

(€m)	2021	2020
Financial income	7.9	7.6
Dividends	70.4	26.4
Reversals of impairment losses	-	0.1
Net gains on equity investments	**78.3**	**34.1**
Revenue from consultancy services	3.9	3.1
Other revenue and income	0.1	0.1
Other revenue and income	**4.0**	**3.2**
Revenue	**82.3**	**37.3**
Personnel expenses	(2.0)	(1.9)
Other operating costs	(7.3)	(3.0)
Provisions for risks	(0.1)	-
Operating costs	**(9.4)**	**(4.9)**
Gross operating profit	**72.9**	**32.4**
Operating profit	**72.9**	**32.4**
Net financial expense	(79.4)	(16.0)
Profit (loss) before tax	**(6.5)**	**16.4**
Income taxes	17.5	2.4
Profit for the year	**11.0**	**18.9**

Net gains on equity investments amount to €78.3 million for 2021 compared to €34.1 million for 2020. They mainly comprise dividends of approximately €70.4 million received from subsidiaries and net interest income of around €7.9 million accrued on amounts due from investees during the year.

Other revenue and income of €4 million (€3.2 million in 2020) mostly relate to services provided to subsidiaries.
The **operating profit** amounts to €72.9 million (€32.4 million in 2020), net of operating costs of approximately €9.4 million (€4.9 million in 2020).

The **profit for the year** amounts to €11 million, decreasing approximately €7.8 million from the profit for the previous year. It includes net financial expense of €79.4 million, which increased compared to €16 million for 2020 due to the higher cost of pre-redeeming the 2018-2024 bonds in November 2021 and, to a greater extent, the losses on commodity swaps agreed during the year to hedge electricity price fluctuations. The parent has an income tax benefit of €17.5 million, reflecting the different measurement of the derivatives, compared to just €2.4 million for 2020.

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

(€m)	**31.12.2021**	**31.12.2020**
Intangible assets	0.0	0.0
Property, plant and equipment	0.1	0.1
Financial assets	343.4	336.1
Non-current assets	**343.5**	**336.2**
Other non-financial assts, net	26.4	15.6
NET INVESTED CAPITAL	**369.9**	**351.7**
Equity	218.7	225.9
Equity	**218.7**	**225.9**
Cash and cash equivalents	48.1	85.3
Other financial liabilities, net	(199.3)	(211.1)
Financial debt for reporting purposes	**(151.2)**	**(125.8)**
EQUITY+FINANCIAL DEBT FOR REPORTING PURPOSES	**369.9**	**351.7**

Non-current assets grew by €7.3 million to €343.5 million at 31 December 2021, mostly due to the increase in financial assets as a result of developments in Romania financed through the subsidiary Alerion Clean Power RO.

The "**Other non-financial assets, net**" amount to €26.4 million at 31 December 2021 compared to other non-financial assets, net of €15.6 million at the end of the previous year. They comprise:

- **non-financial assets**, which amount to €76.9 million, showing an increase of €50.4 million on 31 December 2020, mainly consisting of: i) deferred tax assets of €9.6 million (€1.3 million at 31 December 2020), ii) trade receivables of €4.6 million (€7.3 million at 31 December 2020), iii) tax assets of €0.4 million (€2.6 million at 31 December 2020), and iv) other current assets of €62.7 million (€15.4 million at 31 December 2020);

- **non-financial liabilities**, which increased by €39.6 million to €50.5 million at 31 December 2021 and principally comprise: i) provisions for future risks and charges of €37.8 million (€0.6 million at 31 December 2020), ii) post-employment benefits of €0.5 million (€0.5 million at 31 December 2020), iii) trade payables of €1.7 million (€0.8 million at 31 December 2020), iv) other current liabilities of €6.4 million (€8.9 million at 31 December 2020), and v) tax liabilities of €3.5 million (€0 at 31 December 2020).

At 31 December 2021, **equity** amounts to €218.7 million, down on the previous year end figure of €225.9 million, mostly due to the combined effect of the profit for the year of €11 million, the distribution of dividends of €15.2 million and the repurchase of own shares for €3.1 million.

The **financial debt for reporting purposes** amounts to €151.2 million at year end while the parent had a net financial position of €1 million at 31 December 2020.

Financial assets amount to €239.3 million, up €78.1 million compared to 31 December 2020, and mainly comprise: i) non-current intragroup loans of €211.7 million (€144.7 million at 31

December 2020), and ii) current intragroup loans of €27.6 million (€16.5 million at 31 December 2020).

Financial liabilities increased by €66.4 million to €438.6 million at 31 December 2021 and mostly consist of: i) non-current portions of bonds and other borrowings of €400.2 million (€351.7 million at 31 December 2020), ii) current portions of bonds and other borrowings of €37.4 million (€19.6 million at 31 December 2020), and iii) loans and borrowings from subsidiaries of €1 million (€0.9 million at 31 December 2020).

LEGISLATIVE FRAMEWORK

The most important measures affecting the legislative framework for the sector in 2021 are shown below.

Feed-in tariff (formerly "green certificates")

With resolution 22/2021/R/EFR of 26 January 2021, Arera announced, for the purposes of determining the 2021 feed-in tariff, that the average annual selling price of electricity was €39.8/MWh in 2020. Accordingly, the 2021 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 €109.36/MWh. Based on GSE's procedures, these incentives are paid by GSE on a monthly basis by the end of the second month following the reference month.

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, set a target of at least 40% for GHG emissions (compared to 1990 levels) and a second target of 32% (compared with the 27% originally proposed by the European Commission) for the final consumption of renewable energy, 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%. The European Community is current revisiting these directives to enact the proposal to bring the net reduction in GHG emissions to at least 55%.

Decree law no. 4 of 27 January 2022 (the **Sostegni-ter decree**) sets out urgent measures to support businesses and economic operators, employment health and local services in conjunction with the Covid-19 emergency and to curb the effects of the price increases in the electricity sector was published in the Italian Official Journal on 27 January 2022.
Article 16 introduces a compensation mechanism calculated by comparing current and historical prices, which is applicable from 1 February to 31 December 2022 to electricity injected into the grid by renewable energy plants (excluding plants with capacity of less than 20 kW) that benefit from the feed-in tariff and use hydroelectric, solar or wind power that do not have access to feed-in schemes.

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. 413/2014 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, however, 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 especifico"*) 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 19 December 2019 and then on 3 November 2021, 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 its plants.

The group’s projects are funded through project financing and corporate loans, such as the 2021-2027 green bonds and the 2019-2025 green bonds, which both meet the criteria of the parent’s Green Bond Framework.

The 2021-2027 green bond regulation, the 2019-2025 green bond regulation and 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

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 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 2021.

2021-2027 green bonds

With regard to the 2021-2027 green bonds, if at a calculation date, the ratio of financial debt for reporting purposes net of derivatives to equity net of derivatives is higher than 3, 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 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2021. The parent periodically monitors compliance with the agreed ratios and clauses. The covenant was complied with at 31 December 2021.

Project financing

Note 17 NON-CURRENT FINANCIAL LIABILITIES describes the covenants to be complied with at 31 December 2021 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 SPEs' 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 €32.6 million due from these trading companies.

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.

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 47% of its 2021 revenue is related to the national feed-in tariff schemes (63% in 2020). 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 iparent 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 any of the above occur, it 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 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 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 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 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 and the recent conflict between Ukraine and Russia which has heightened tensions on international markets, also due to the difficulty in reading the current geopolitical situation, the group believes that there are no material uncertainties as defined by IAS 1.24that 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 such events.

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

The international public health emergency triggered by Covid-19 has continued throughout 2021. The group has taken and continues to take all the steps necessary to both protect its employees' health and the ongoing operating of its assets in safe conditions. 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.

Decree law no. 127 of 21 September 2021 established the obligation to have and, if requested, present the Covid-19 certification (green pass) in order to gain access to the workplace with effect from 15 October. Individuals who are exempted from vaccination and have the relevant medical certification attesting this are not required to comply with this obligation.

Thanks to its business model, neither the group's performance nor its financial stability were adversely affected by Covid-19 during the year. Therefore, it did not have to lay off employees nor does it expect to do so; it did not introduce Covid-19 furlough schemes or the forced reduction of working hours. It introduced a system for the ongoing monitoring of the impacts that the state of emergency could have on economic and business factors in order to promptly take any necessary action.

Assumptions about future changes in the current macroeconomic and financial situations are subject to great uncertainty, which could affect the judgements and estimates made by management about the carrying amount of assets and liabilities that are subject to greater volatility.

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 ESMA 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 Warning Notice no. 6/20 of 9 April 2021, Warning Notice no. 1/21 of 16 February 2021 and Warning Notice no. 4/21 of 15 March 2021.

Specifically and to comply with the Warning Notices issued by Consob, the group's main considerations about the effects of Covid-19 on its business are set out below:

- 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 uncertain economic climate caused in part by Covid-19;

- the reduction in electricity prices will be partly mitigated in 2022 when GSE recalculates its feed-in tariff and increases it, where provided for;

- the above uncertainties 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.

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 that none of the group's related party transactions were 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 economically or financially disadvantageous 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 22 February 2022, the parent's board of directors approved the 2023-2025 business plan. As it had already communicated on 26 November, the parent has rolled-out a strategic reorganisation project to identify an industrial or financial partner to provide the financial resources necessary to achieve its investment programme of the coming years.

The investments to be made in the four years from 2022 to 2025 will approximate €3.1 billion to be funded through a mix of debt and income from a capitalisation transaction of around €600 million, that the parent intends to complete by the end of 2022. This transaction will involve the new industrial or financial partner to be identified after the strategic reorganisation project and the shareholder Fri-El.

Specifically, by the end of 2025, Alerion intends to have gross installed capacity of about 3.8 GW, a gross increase of around 3.1 GW compared to 2020. Its reference markets will be Italy, Romania and Spain and its technological portfolio will be extended with its entry into the photovoltaic sector in Italy and Romania.

Based on assumptions, estimates and judgements about events that are often outside the group's control, such as electricity price trends, it expects to reach EBITDA of approximately €440 million by 2025.

At the reporting date, the group has agreed additional contracts with a total notional volume of roughly 68 MW to hedge the risk of changes in electricity prices (the reference price for the Italian wholesale electricity market is the PUN - variable price) for its expected production of 2022.

Outlook

The parent will continue to improve the group's operating and financial efficiency in 2022, expanding its organisation to underpin the international growth drive in Spain and Romania as provided for in the new 2022-2035 business plan presented to the market on 22 February 2022. As part of this plan, Alerion has designed a large investment programme to speed up the group's growth in the European wind and photovoltaic sector.

The group has set the following targets for 2022:

• increase in gross installed capacity to approximately 934 MW by the end of 2022;

• EBITDA of approximately €236 million;

• profit of around €130 million.

Its financial targets for 2022 do not reflect the effects of the possible application of the sales price adjustment mechanism introduced by the Sostegno-ter decree. Its application would have a modest adverse effect equal to around 5% of the group's EBITDA.

The group does not expect the ongoing armed conflict in Ukraine to affect its operations.

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 26 April 2021, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.28 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 5 May 2021 and detachment date of coupon 10 on 3 May 2021. The parent distributed the dividend of €15.2 million in compliance with the terms established by the shareholders.

Management and coordination

Since 7 May 2021, Fri-El Green Power S.p.A. has no longer managed and coordinated the parent pursuant to article 2497 and following articles of the Italian Civil Code although it continues to exercise its rights as the majority shareholder.

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 2021	**Feed-in tariff**	**Feed-in premium**
(€'000)		
Gross amount received	73,613	24
Grantor: Gestore Servizi Energetivi (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 information 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 2021, the parent has 225,356 treasury shares (4,500 at 31 December 2020), equal to 0.416% of its share capital. With respect to the shareholders' resolution of 3 May 2021 authorising repurchases of treasury shares, at 18 March 2022, it has not repurchased treasury shares.

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 ISO 45001:2018 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 2021, 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 46 employees at the reporting date, broken down as follows:

	31.12.2020	Increases	Decreases	31.12.2021	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	34	14	(4)	44	38.0
Total employees	**36**	**14**	**(4)**	**46**	**40.0**

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Managers	53	54	2	2
Junior managers and white collars	41	41	17	19
Average	**47.0**	**47.5**	**19**	**21**

Branches

Alerion Clean Power S.p.A. has its registered office at Viale Majno 17, Milan and a branch at Via del Gallitello 221, Potenza (PZ).

On 15 March 2022, the subsidiary Alerion Servizi Tecnici e Sviluppo S.rl. opened another local unit at Via Museo 33, Bolzano (BZ).

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:

- *having examined the parent's draft separate financial statements at 31 December 2021 which show a profit for the year of €11,008,540;*

- *having examined the consolidated financial statements at 31 December 2021 which shows a profit of €48,738 thousand attributable to the owners of the parent;*

resolve:

1. *to approve the directors' report;*

2. *to approve the parent's separate financial statements at 31 December 2021, consisting of the statements of financial position, profit or loss, comprehensive income, changes in equity 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 €11,008,540 to the income-related reserves and the legal reserve for €10,458,113 and €550,427, respectively;*

4. *to approve the distribution of a dividend of €0.44 gross per ordinary share (net of treasury shares) outstanding at the payment date, using part of the income-related reserves with payment starting from 25 May 2022 (coupon no. 11 detachment date of 23 May 2022).*

Board of directors

2021
CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS

(€'000)	Note	31.12.2021	including: related parties	31.12.2020	including: related parties
NON-CURRENT ASSETS					
Intangible assets	**5**	201,266		198,100	
Property, plant and equipment	**7**	490,523		455,637	
Investments in joint ventures and associates	**8**	61,646		50,026	
Loans and other non-current financial assets	**8**	7,176	3,852	4,358	3,883
Other non-current assets	**10**	947		875	
Deferred tax assets	**33**	46,291		43,805	
TOTAL NON-CURRENT ASSETS		**807,849**		**752,801**	
CURRENT ASSETS					
Trade receivables	**11**	38,263	5,227	9,113	1,722
Tax assets	**12**	2,989		5,096	
Other current assets	**13**	35,192	394	28,539	
Loans and other current financial assets	**14**	457		1,003	
Cash and cash equivalents	**15**	123,652		147,706	
TOTAL CURRENT ASSETS		**200,553**		**191,457**	
TOTAL ASSETS		**1,008,402**		**944,258**	

STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

(€'000)	Note	31.12.2021	including: related parties	31.12.2020	including: related parties
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**16**	**227,098**		**202,528**	
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**16**	**4,525**		**4,473**	
NON-CURRENT LIABILITIES					
Financial liabilities	**17**	553,986	9,951	534,883	9,951
Derivatives	**18**	3,041		6,452	
Post-employment benefits and other employee benefits	**19**	631		602	
Deferred tax liabilities	**33**	42,654		38,649	
Provisions for future risks and charges	**20**	55,941	21	21,975	18
Other non-current liabilities	**21**	14,409	1,620	13,970	
TOTAL NON-CURRENT LIABILITIES		**670,662**		**616,531**	
CURRENT LIABILITIES					
Financial liabilities	**22**	52,709	213	89,751	213
Derivatives	**18**	16,902		8,573	
Trade payables	**23**	14,175	1,039	8,313	1,401
Tax liabilities	**24**	8,670		4,559	650
Other current liabilities	**25**	13,661	2,956	9,530	883
TOTAL CURRENT LIABILITIES		**106,117**		**120,726**	
TOTAL LIABILITIES		**776,779**		**737,257**	
TOTAL EQUITY AND LIABILITIES		**1,008,402**		**944,258**	

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	2021	including: related parties	2020	including: related parties
Electricity sales		78,482	15,004	37,236	4,406
Feed-in tariff		70,070		63,389	
Revenue	**27**	**148,552**		**100,625**	
Other revenue and income	**28**	**5,172**	1,243	**8,724**	1,383
Total revenue and income		**153,724**		**109,349**	
Operating costs					
Personnel expenses		2,940		2,492	
Other operating costs		32,883	6,055	29,882	5,736
Accruals to provisions for risks		168		465	
Total operating costs	**29**	**35,991**		**32,839**	
Share of profits of equity-accounted investees		**14,128**		**4,614**	
Amortisation and depreciation		40,966		41,642	
Impairment losses/reversals of impairment losses		-		(990)	
Total amortisation, depreciation and impairment losses	**30**	**40,966**		**40,652**	
OPERATING PROFIT		**90,895**		**40,472**	
Financial income		492		195	
Financial expense		(22,811)		(28,511)	
Net financial expense	**31**	**(22,319)**	(423)	**(28,316)**	(423)
Net gains (losses) on equity investments and other financial assets	**32**	**(72)**	**142**	**85**	**142**
PROFIT BEFORE TAX		**68,504**		**12,241**	
Current		(14,868)		(9,785)	
Deferred		(3,417)		29,112	
Income taxes	**33**	**(18,285)**		**19,327**	
PROFIT FOR THE YEAR		**50,219**		**31,568**	
Attributable to:					
Owners of the parent	**34**	**48,738**		**30,945**	
Non-controlling interests		**1,481**		**623**	
EARNINGS PER SHARE *(€ per share)*					
- Basic, considering the profit for the year attributable to the owners of the parent		0.90		0.60	
EARNINGS PER SHARE FROM CONTINUING OPERATIONS					
- Basic, considering the profit from continuing operations attributable to the owners of the parent		0.90		0.60	

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	2021	2020
PROFIT FOR THE YEAR (A)	**50,219**	**31,568**
Net hedging gains (losses)	(9,347)	712
Related tax	*2,745*	*(57)*
Net fair value gains on cash flows hedges relating to equity-accounted investees	742	517
Related tax	*(178)*	*(124)*
Post-tax other comprehensive income (expense) that can be reclassified subsequently to profit or loss (b1)	**(6,038)**	**1,048**
Net actuarial gains (losses) on defined benefit plans (IAS 19)	*28*	*(12)*
Related tax	*(8)*	*3*
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (b2)	**20**	**(9)**
Total post-tax other comprehensive income (expense) (b1) + (b2) = (B)	**(6,018)**	**1,039**
COMPREHENSIVE INCOME (A) + (B)	**44,201**	**32,607**
Attributable to owners of the parent	42,720	31,984
Attributable to non-controlling interests	1,481	623
COMPREHENSIVE INCOME	**44,201**	**32,607**

STATEMENT OF CASH FLOWS

(€'000)	Note	2021	including: related parties	2020	including: related parties
A. Cash flows from operating activities					
Profit attributable to:					
Owners of the parent		48,738		30,945	
Non-controlling interests		1,481		623	
Adjustments for:					
Amortisation, depreciation and impairment losses	30	40,966		40,715	
Financial (income)/expense and (gains)/losses on equity investments	31 -32	22,391		28,231	
Current taxes	33	14,868		9,785	
Share of profits of equity-accounted joint ventures		(14,128)		(4,614)	
Increase (decrease) in post-employment benefits	19	57		(100)	
Increase (decrease) in provisions for risks and charges	20	39,333		1,515	
Increase (decrease) in deferred tax liabilities	33	4,255		(29,472)	
Total cash flows from current operations		**157,961**		**77,628**	
(Increase) decrease in trade receivables and other assets	11 - 12 - 13	(33,374)	(3,868)	4,885	(16)
Increase (decrease) in trade payables and other liabilities	23 - 24 - 25	(8,812)	3,331	(18,620)	861
Taxes paid	33	1,086		2,296	
Total cash flows from changes in working capital		**(41,100)**		**(11,439)**	
Total cash flows generated by operating activities		**116,861**		**66,189**	
B. Cash flows from investing activities					
Cash acquired as part of business combinations		0		16,581	
Consideration transferred in business combinations		0		(90,712)	
(Investments) disposals of intangible assets	5	(14,057)		(1,648)	
(Investments) disposals of property, plant and equipment	7	(61,094)		(2,147)	
Change in financial liabilities for investing activities	7	(1,362)			
Dividends received from equity-accounted investees	8	4,040		2,847	
Total cash flows used in investing activities		**(72,473)**		**(75,079)**	
C. Cash flows from financing activities					
Net change in financial liabilities/assets	9 - 10 - 17 - 22	(2,716)		(1,487)	
Net change in lease liabilities	17 - 22	(6,257)		(7,328)	
Increase (decrease) in bank loans and borrowings	17 - 22	(62,241)		(41,286)	
Increase (decrease) in bonds issued	17 - 22	47,836		0	
Repurchase of treasury shares	16	(3,119)		(1,800)	
Dividends distributed	16	(15,682)		(10,716)	
Financial expense paid	31	(26,263)		(19,135)	
Total cash flows used in financing activities		**(68,442)**		**(81,752)**	
D. Cash flows for the year (A+B+C)		**(24,054)**		**(90,642)**	
E. Opening cash and cash equivalents	15	**147,706**		**238,348**	
F. Closing cash and cash equivalents (D+E)	15	**123,652**		**147,706**	

STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury share reserve	Share premium	Income-related reserves	Hedging reserve	**Equity attributable to owners of the parent**	Non-controlling interests	**Total equity**
1 January 2021	161,137	(28)	21,400	29,085	(9,066)	**202,528**	4,473	**207,001**
Profit for the year	-	-	-	48,738	-	**48,729**	1,489	**50,219**
Other comprehensive expense	-	-	-	20	(6,602)	**(6,582)**	-	**(6,582)**
Other comprehensive income relating to equity-accounted investees					564	**564**	-	**564**
Comprehensive income	-	-	-	48,758	(6,038)	**42,720**	1,481	**44,201**
Dividends approved and/or distributed	-	-	-	(15,158)	-	**(15,158)**	(1,432)	**(16,590)**
Repurchase of treasury shares	-	(3,119)	-	-	-	**(3,119)**	-	**(3,119)**
Other changes	-	-	-	254	(127)	**127**	3	**130**
31 December 2021	161,137	(3,147)	21,400	62,939	(15,231)	**227,098**	4,525	**231,623**

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

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**
1 January 2020	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**

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 EURONEXT MILAN 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 18 March 2022, the parent's directors approved the publication of the group's consolidated financial statements as at and for the year ended 31 December 2021.

2. BASIS OF PREPARATION

The consolidated financial statements at 31 December 2021 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 IFRS issued by the International Accounting Standards Board, 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.

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 and the recent conflict between Ukraine and Russia which has heightened tensions on international markets, also due to the difficulty in reading the current geopolitical situation, 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 such events.

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 2021 are consistent with those used for the consolidated financial statements at 31 December 2020, except for those affected by the standards, amendments and interpretations that the group applied for the first time as of 1 January 2021, which are described in the note "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 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:

<u>Recoverable amount of non-current assets</u>
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.

<u>Deferred tax assets</u>
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.

<u>Employee benefits – Italian post-employment benefits</u>
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 €631 thousand compared to €602 thousand at 31 December 2020. Reference should be made to note 19 for additional details.

<u>Depreciation and amortisation</u>
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.

<u>Right-of-use assets and lease liabilities</u>
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".

<u>Other estimates</u>
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 definitive 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:

	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 IFRS 16, 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:

	Rate
Plant and machinery	from 2% to 20%
Other assets	12%-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 asset 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:

$PD=1-e-spread60\%\cdot term$

• 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 group 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 present 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 payables 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 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;
- 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 sources 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 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 2021

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.

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.

STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE IASB AND ENDORSED WITH AN EFFECTIVE DATE AFTER 1 JANUARY 2021

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, and (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 Cycle" 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 liabilities as current or non-current liabilities in IAS 1 to provide a more general approach to the classification of liabilities under this standard, based on the contractual arrangements in place at the reporting date.

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. At the reporting date, the competent bodies of the European Union have completed the endorsement process for adoption of the following standards and amendments. The group has elected not to exercise the option for early application, when this is allowed.

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

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process for the adoption of the

amendments and standards described below. The group will apply the standards and amendments at the application date and will assess their potential impact on the consolidated financial statements, when they have been endorsed by the European Union.
IFRS 14 "Regulatory deferral accounts" The IASB has launched a public consultation to discuss the proposals for a new standard to replace the current IFRS 14 "Regulatory deferral accounts". The proposals are aimed at entities subject to regulated tariffs to provide more transparent information to investors about their financial performance.

Amendments to IFRS 10 and IAS 28 to defer indefinitely the effective date of "Sale or contribution of assets between an investor and its associate or joint venture".

"Classification of liabilities as current or non-current" (Amendments to IAS 1), including subsequent amendment issued in July 2020: the IASB published amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current" to clarify how to classify liabilities as current or non-current.
The amendments' effective date is 1 January 2023.

"Disclosure of accounting policies" (Amendments to IAS 1 and IFRS Practice Statement 2). The IASB published amendments to some standards with "Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2", and "Definition of accounting estimates" - amendments to IAS 8. The amendments are designed to improve disclosure about accounting policies to provide more useful information to investors and other primary users of financial statements, as well as to assist entities distinguish between changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

"Deferred tax related to assets and liabilities arising from a single transaction" (Amendments to IAS 12). The IASB published amendments to IAS 12 to clarify how companies account for deferred tax on transactions that can generate assets and liabilities of the same amount such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Initial application of IFRS 17 and IFRS 9 - Comparative information" (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendments are effective for annual periods beginning on or after 1 January 2023.

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 2021 (€'000)	Note	Recognised in profit or loss	HtC	Other	Total
(A) - Financial assets					
Current financial assets:					
Cash and cash equivalents	**15**	19	-	123,652	**123,671**
Loans and other current financial assets	**14**	5	457		**462**
Trade receivables	**11**		38,263		**38,263**
Non-current financial assets:					
Loans and other non-current financial assets	**9**	368	7,176		**7,544**

31 December 2021 (€'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**	(1,945)		(44,993)	**(46,938)**
Operating lease liabilities	**22**			(1,214)	**(1,214)**
Finance lease liabilities	**22**			(5,307)	**(5,307)**
Accrued interest on bonds issued	**22**	-		(938)	**(938)**
Shareholder loans - non-controlling investors	**22**			(257)	**(257)**
Derivatives	**18**	18	(16,902)		**(16,884)**
Trade payables	**23**			(14,175)	**(14,175)**
Non-current financial liabilities:					
Bank loans and borrowings	**17**	(3,954)		(106,920)	**(110,874)**
Operating lease liabilities	**17**			(19,827)	**(19,827)**
Finance lease liabilities	**17**			(19,171)	**(19,171)**
Bonds issued	**17**	(16,489)		(395,901)	**(412,390)**
Shareholder loans - non-controlling investors	**17**	(418)		(12,167)	**(12,585)**
Derivatives	**18**	3	(3,041)		**(3,038)**

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)**
Operating lease liabilities				(1,057)	**(1,057)**
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)**
Operating lease liabilities				(19,496)	**(19,496)**
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)**

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 2021 (€'000)	**Carrying amount**		**Fair value**
	Current	**Non-current**	**Discounted cash flows**
(B) - Financial liabilities			
Bank loans and borrowings	(44,993)	(106,920)	(189,191)
Bonds issued	(938)	(395,901)	(394,684)
Derivatives	(16,902)	(3,041)	(19,943)
TOTAL LIABILITIES	**(62,833)**	**(505,862)**	**(603,818)**

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	(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)**

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 2021 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 2021 (€'000)							
(€'000)		**Gross past-due amount**				**Total**	**Individual**
	Carrying amount	**within 4 months**	**from 5 to 8 months**	**from 9 to 12 months**	**more than one year**	**past due**	**impairment losses**
Third parties	**38,148**	-	-	-	526	526	(526)
Subsidiaries	**115**	-	-	-	-	-	-
Trade receivables	**38,263**	**-**	**-**	**-**	**526**	**526**	**(526)**

31 December 2020 (€'000)							
	Carrying	**Gross past-due amount**				**Total**	**Individual**
	amount	**within 4 months**	**from 5 to 8 months**	**from 9 to 12 months**	**more than one year**	**past due**	**impairment losses**
Third parties	**9,063**	-	-	-	528	528	(528)
Subsidiaries	**50**	-	-	-	-	-	-
Trade receivables	**9,113**	**-**	**-**	**-**	**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 17 November 2021, the parent redeemed the 2018-2024 bonds issued on 10 May 2018 for a total of €150 million in addition to the related costs of exercising the early redemption option. To redeem these notes, it issued 2021-2027 bonds with a six-year maturity, a total nominal amount of €200 million and an annual nominal fixed coupon of 2.25%. This new issue will also be used for future investments and supplements the 2019-2025 bonds issued on 19 December 2019 for a total of €200 million, again with a six-year maturity bearing interest at the nominal annual fixed rate of 3.125%. These bond issues meet the criteria set out in the parent’s Green Bond Framework.

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.

			2021 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	(139,838)	-	(19,987)	(10,706)	(29,683)	(20,445)	(13,433)	(10,856)	(67,711)	**(172,821)**
17-22	Operating lease liabilities	(21,041)	-	-	(1,214)	(1,214)	(1,214)	(1,214)	(1,214)	(20,638)	**(26,708)**
17-22	Finance lease liabilities	(24,478)	-	(2,845)	(2,845)	(5,634)	(14,718)	-	-	-	**(26,041)**
17-22	Bonds issued	(396,839)	-	-	(10,750)	(10,750)	(10,750)	(210,750)	(4,500)	(204,500)	**(452,000)**
17-22	Shareholder loans - non-controlling investors	(12,424)	-	-	-	-	-	-	-	(12,424)	**(12,424)**
18	Derivatives	(19,943)	-	(16,332)	(570)	(946)	(834)	(712)	(587)	(1,808)	**(21,789)**
22	Bank current account facilities	(12,075)	(12,075)	-	-	-	-	-	-	-	**(12,075)**
23	Trade payables	(14,175)	-	(14,175)	-	-	-	-	-	-	**(14,175)**
	Total	**(640,813)**	**(12,075)**	**(53,339)**	**(26,085)**	**(48,227)**	**(47,961)**	**(226,109)**	**(17,157)**	**(307,081)**	**(738,033)**

		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)**

At 31 December 2021, as a result of the bond issue, approximately 12.4% 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 11.4% 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 the 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 the group's derivatives at 31 December 2021 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 2021, 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 2019 and 2021 bond issues at a fixed rate of 3.125% and 2.25%, 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, price benchmark) 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 relationship 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 2021, 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 2021 (€'000)	**Profit or loss**		**Equity**	
	+ 100bp Euribor	**-25bp Euribor**	**+ 100bp Euribor**	**-25bp Euribor**
Bank loans and borrowings	(1,398)	350		
Bonds issued	(3,968)	992		
Shareholder loans - non-controlling investors	(124)	31		
Derivatives	(32)	8	3,632	(938)
Bank current account deposits	1,237	(309)		
Bank current account facilities	(121)	30		
Total	**(4,406)**	**1,102**	**3,632**	**(938)**

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)**

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 2021, the group's derivatives qualifying for hedge accounting are as follows:

	Counterparty (*) 31 December 2021 (€'000)	Notional	Fair value at 31 December 2021	Inception date	Effective date	Termination date	Fixed rate	Variable rate
1	GE Capital (Ordona)	0	0	24 April 2008	30 April 2008	Reimbursed	4.84%	6M Euribor
2	Monte dei Paschi di Siena (Callari)	0	0	24 June 2008	1 July 2008	Reimbursed	4.85%	6M Euribor
3	Banco BPM (Campidano)	6,384	(17)	15 November 2019	19 November 2019	31 December 2023	-0.17%	6M Euribor
4	Unicredit (Green Energy Sardegna)	18,886	(1,357)	30 October 2018	31 December 2018	29 June 2035	1.23%	6M Euribor
5	Banco BPM (Campidano) #2	4,788	(13)	17 January 2020	31 December 2019	31 December 2023	-0.16%	6M Euribor
6	Unicredit (Eolica PM)	31,830	(2,013)	21 December 2018	21 December 2018	29 June 2035	1.11%	6M Euribor
7	Sabadell (Teruel)	0	0	26 June 2019	26 June 2019	Reimbursed	0.21%	6M Euribor
8	Sabadell (Comiolica)	12,677	(62)	26 June 2019	26 June 2019	30 June 2026	0.44%	6M Euribor
9	Unicredit (Grottole)	8,144	(50)	24 November 2017	31 December 2019	30 June 2023	0.19%	6M Euribor
10	Unicredit (Fri-el Albareto)	12,995	(671)	15 February 2019	28 June 2019	29 June 2035	0.95%	6M Euribor
	Interest rate swaps	**95,704**	**(4,183)**					

	Counterparty (*) 31 December 2021 (€'000)	Notional (MWh)	Fair value at 31 December 2021	Inception date	Effective date	Termination date	Fixed price	Variable price
	Commodity derivatives							
11	Unicredit (Alerion Clean Power) (**)	227	(15,760)	20/27 Sept 2021	1 January 2022	31 March 2022	174.95	National single price (PUN)
	Derivatives relating to investments in consolidated companies		**(19,943)**					

	Counterparty (*) 31 December 2021 (€'000)	Notional	Fair value at 31 December 2021	Inception date	Effective date	Termination date	Fixed rate	Variable rate
12	Unicredit (Andromeda)	4,624	(48)	21 June 2016	30 December 2016	31 December 2024	0.31%	6M Euribor
13	Unicredit (Guardionara)	3,005	(20)	6 July 2016	30 December 2016	30 June 2024	0.12%	6M Euribor
15	B.I.I.S. (New Green Molise)	11,798	(874)	12 May 2010	31 December 2010	30 June 2025	3.50%	6M Euribor
	Derivatives relating to equity-accounted investments	**19,427**	**(942)**					

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

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

The reporting-date fair value of the consolidated companies' interest rate swaps is an estimated €4,183 thousand (€12,132 thousand at 31 December 2020).

The reporting-date fair value of the consolidated companies' commodity swaps is an estimated €15,760 thousand (€2,893 thousand at 31 December 2020).

The group's post-tax hedging reserve amounts to €9,066 thousand and €15,231 thousand at 31 December 2020 and 2021, respectively.

		Hedging reserve** at 31.12.2021	Hedging reserve at 31.12.2020	Change in hedging reserve		
				Other changes	Differential settlement	Net fair value loss
	Banco BPM (Fri-el Campidano)	(17)	(57)	-	21	20
	Banco BPM (Fri-el Campidano # 2)	(13)	(44)	-	21	11
	Unicredit (Green Energy Sardegna)	(1,357)	(2,347)	-	350	640
(*)	Unicredit (Andromeda)	(48)	-	(114)	-	66
(*)	Unicredit (Guardionara)	(20)	-	(53)	-	33
(*)	B.I.I.S. (New Green Molise)	(874)	(1,518)	-	582	62
	Unicredit (Eolica PM)	(2,013)	(3,646)	-	549	1,084
	Sabadel (Alerion Teruel)	-	(1)	-	1	-
	Sabadel (Comiolica)	(62)	(211)	-	51	98
	Unicredit (Grottole)	(15)	(52)	-	88	(51)
	Derivatives	-	(2,893)	-	11,230	(8,337)
	Unicredit (Alerion Clean Power)	(15,760)	-	-	-	(15,760)
	Unicredit (Fri-el Albareto)	(670)	(1,310)	-	202	438
	Pre-tax hedging reserve	***(20,849)***	***(12,079)***	***(167)***	***13,094***	***(21,697)***
	Deferred tax liabilities	5,618	3,013	40	(3,581)	6,146
	Net hedging reserve	**(15,231)**	**(9,066)**	**(127)**	**9,513**	**(15,551)**

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

The €6,165 thousand increase in 2021 negatively impacted equity and was attributable to the settlement of the IRS coupons that matured during the period, the change in the consolidation scope, the substantially unchanged rate curve at the minimum values used to measure the fair value of derivatives at 31 December 2020 and the recognition of the fair value gains for the commodity swaps hedging electricity selling prices of €15,760 thousand, gross of the related tax effect.

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 €961 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 2021 is detailed below:

	Registered office	Share/quota capital ('000)	Investment % Direct	Investment % Indirect	Indirect investor
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	10	100.00		
- Frie-el Albareto S.r.l.	Bolzano - Piazza del Grano 3	10	100.00		
- Eolica PM S.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 CarRàbia 3-5, 4° planta	100	51.00		
- Alerion Teruel	Barcelona - Carrer Car Ràbia 3-5, 4° 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	50	100.00		
- Ordona 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		
- Parco Eolico Licodia Eubea 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		
- 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		
- Enermac S.r.l.	Milan - Viale Majno 17	40	100.00		
- Fucini 4 S.r.l.	Milan - Viale Majno 17	10	100.00		
- Auseu-Borod Wind Farm S.r.l. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON0.2		100.00	Alerion Romania S.A.
- Alerion Romania S.A. in liquidation	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON100	95.00		Alerion Clean Power 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	RON0.3		90.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Alerion Bulgaria OOD	Sofia - 6th Septemvri Str., 6A, Sredetz Region	LEV90	92.50		
- Wind Energy OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	LEV2,375		51.00	Krupen Wind S.r.l.
- Wind Stream OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	LEV2,319		51.00	Krupen Wind S.r.l.
- Wind Systems OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	LEV2,290		51.00	Krupen Wind S.r.l.
- Wind Power 2 OOD	9000 Varna, Buzludja Str. 7/9, district Odessos (loc. Krupen)	LEV2,312		51.00	Krupen Wind S.r.l.
- Naonis Wind S.r.l.	Milan - Viale Majno 17	20	100.00		
- Alerion Clean Power RO S.r.l.	Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3	RON50	100.00		Alerion Clean Power S.p.A.
- Fravort S.r.l.	Bucarest, Via Baia de Fier n. 8, Piano 1, App. 10, Stanza 1B, Settore 3	RON1		100.00	Alerion Clean Power RO S.r.l.
- Tremalzo S.r.l.	Bucarest, Via Baia de Fier n. 8, Piano 1, App. 10, Stanza 1B, Settore 3	RON1		100.00	Alerion Clean Power RO S.r.l.
- Green Fotovoltaic Parc S.r.l.	Bucarest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Solar Live Energy S.r.l.	Bucarest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Inspire Parc Solar S.r.l.	Bucarest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Projects S.r.l.	Bucarest, Via Popa Petre n. 5, Ufficio n. 525, Palazzo B, Piano 5, Settore 2	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Alliance S.r.l.	Bucarest, Via Popa Petre n. 5, Ufficio n. S9, Corpo A, Settore 2	RON1		100.00	Alerion Clean Power RO S.r.l.
- Conti Green Energy S.r.l.	Bucarest, Via Popa Petre n. 5, Ufficio n. 520, Corpo B, Piano 5, Settore 2	RON0.2		100.00	Alerion Clean Power RO S.r.l.
- Mitoc Partners S.r.l.	Bucarest, Via Maior Ştefan Sanatescu, N. 53, Palazzo C1, Corpo 4, Piano 2, Stanza 4, Settore 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Cevedale S.r.l.	Bucarest, Settore 3, Via Baia de Fier, N. 8, Stanza 1 L, Piano 1, App. 10	RON1		100.00	Alerion Clean Power RO S.r.l.
- Cavignon S.r.l.	Bucarest, Settore 3, Via Baia de Fier, N. 8, Stanza 1 L, Piano 1, App. 10	RON1		100.00	Alerion Clean Power RO S.r.l.
- Presenella S.r.l.	Str. Baia de fier, nr. 8, Et. 1, ap.10, cam. 1C, Bucuresti, sect. 3	RON1		100.00	Alerion Clean Power RO S.r.l.
- Vermiglio S.r.l.	Str. Baia de fier, nr. 8, Et. 1, ap.10, cam. 1D, Bucuresti, sect. 3	RON1		100.00	Alerion Clean Power RO S.r.l.
- Vigolana S.r.l.	Str. Baia de fier, nr. 8, Et. 1, ap.10, cam. 1C, Bucuresti, sect. 3	RON1		100.00	Alerion Clean Power RO S.r.l.
- Phoenix Ceres S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Catalyst S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Nest S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Phoenix Genesis S.r.l.	Str. Maior Stefan Sanatescu, nr. 53, Et.2, Cladirea C1, corp 4, camera 4, Bucuresti, sect. 1	RON0.8		75.00	Alerion Clean Power RO S.r.l.
- Alerion RO Todiresti S.r.l.	Bucarest, Calea Floreasca n. 175, Parte B, Piano 3, Settore 1	RON50		100.00	Alerion Clean Power RO S.r.l.
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	465	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	50		100.00	- Fri-El Anzi Holding S.r.l.
- S.C. Compania Eoliana S.A.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON501	49.75		
- Jimbolia Wind Farm S.r.l.	Oradea - Cetatii Square no. 1, 4th floor, Bihor County	RON1		99.00	S.C. Compania Eoliana S.A.
- Generai S.r.l.	Pietramontecorvino - Piazza Martiri del terrorismo 10	10		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Parco Eolico Santa Croce del Sannio House S.r.l.	Benevento - Viale Mario Rotili 148	40		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.
- Bioenergia S.r.l.	Pietramontecorvino - Via Calcare 6	1		50.00	Alerion Servizi Tecnici e Sviluppo S.r.l.

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

(i) the acquisition, through Alerion Servizi Tecnici e Sviluppo S.r.l., of 50% of: a) Generai S.r.l. on 14 May 2021, b) Bioeneergia S.r.l. on 9 July 2021, and c) Parco Eolico Santa Croce del Sannio House S.r.l. on 24 September 2021. These SPEs are engaged in the development and preparatory activities to design wind farms in the province of Foggia;

(ii) the incorporation of the Italian company, Fucini 4 S.r.l. by the parent with a fully paid-up quota capital of €10,000 on 13 July 2021. On 20 October 2021, Fucini 4 S.r.l. purchased a building at Via Fucini 4, Milan, to be renovated and maintained;

(iii) the incorporation of the Romanian company Alerion Clean Power RO S.r.l. ("Alerion RO") by the parent on 14 May 2021 with a fully paid-up share capital of RON10,000. This subsidiary will act as a holding company of the investments in the SPEs that will develop the group's business in Romania;

(iv) the acquisition through Alerion Clean Power RO S.r.l. of 100% of: a) Fravort S.r.l., b) Tremalzo S.r.l., c) Green Fotovoltaic Parc S.r.l., d) Inspire Parc Solar S.r.l., e) Solar Live Energy S.r.l., f) Cavignon S.r.l., g) Cevedale S.r.l., h) Vermiglio S.r.l., i) Vigolana S.r.l., l) Presenella S.r.l., m) Conti Green Projects S.r.l., n) Conti Green Energy S.r.l., and o) Conti Green Alliance S.r.l.. These SPEs are engaged in the development and preparatory activities to design wind farms in Romania;

(v) the incorporation of the Romanian company Alerion RO Todiresti S.r.l. through Alerion Clean Power RO S.r.l. with a fully paid-up share capital of RON50,000. This company is engaged in the development and preparatory activities to design a wind farm in Romania;

(vi) the acquisition through Alerion Clean Power RO S.r.l. of 75% of: a) Mitoc Partners S.r.l., b) Phoenix Nest S.r.l., c) Phoenix Genesis S.r.l., d) Phoenix Catalyst S.r.l., e) Phoenix Ceres S.r.l.. These SPEs are engaged in the development and preparatory activities to design wind farms in Romania;

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
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)**
Increases for reversals of impairment losses	990	-	-	-	-	**990**
Total change in gross carrying amount	**59,695**	**570**	**19**	**715**	**1,614**	**62,613**
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 01.01.2021	185,777	10,486	211	12	1,614	198,100
Gross carrying amount						
Change in consolidation scope	8,833	-	-	-	-	8,833
Increases	3,064	1,492	4	173	584	5,317
Decreases	-	(115)	-	-	-	(115)
Other reclassifications	310	-	-	-	(310)	-
Total change in gross carrying amount	**12,207**	**1,377**	**4**	**173**	**274**	**14,035**
Accumulated amortisation						
Amortisation	(10,635)	(179)	(43)	(34)	-	(10,891)
Elimination of acc. amortisation of transferred assets	-	96	-	(74)	-	22
Total change in accumulated amortisation	**(10,635)**	**(83)**	**(43)**	**(108)**	**-**	**(10,869)**
Gross carrying amount at 31.12.2021	**250,296**	**15,654**	**516**	**2,781**	**1,888**	**271,135**
Accumulated amortisation	(62,947)	(3,874)	(344)	(2,704)	-	(69,869)
Impairment losses	-	-	-	-		**-**
Carrying amount at 31.12.2021	**187,349**	**11,780**	**172**	**77**	**1,888**	**201,266**

Licences and concessions amount to €187,349 thousand (€185,777 thousand at 31 December 2020) 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 €12,207 thousand is mostly due to the change in the consolidation scope as a result of the investments made in Romania.

Development costs amount to €11,780 thousand (€10,486 thousand at 31 December 2020) and relate to costs mostly 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.

Assets under development amount to €1,888 thousand (€1,614 thousand at 31 December 2020). The increase is mostly a result of the recognition of the costs incurred to build the new wind farms in Italy and Romania.

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 18 March 2022. 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 €184,237 thousand and net property, plant and equipment with a carrying amount of €418,184 thousand relating to the identified CGUs.

(€'000)	31 December 2021	Recoverable amount	Impairment loss
Intangible assets with a finite useful life	201,266	184,237	17,029
Property, plant and equipment	490,523	418,184	72,339
Total	**691,789**	**602,421**	**89,368**

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

CGUs - consolidated plants	Company	Carrying amount after impairment test
Albanella	Eolo S.r.l.	4,000
Ciorlano	Dotto S.r.l.	12,026
Monte Petrasi	Wps S.r.l.	34,516
Callari	Callari S.r.l.	27,734
Ordona	Ordona S.r.l.	29,850
Castel di Lucio	Minerva S.r.l.	22,375
Licodia Eubea	P. E. Licodia S.r.l.	23,686
Renergy San Marco	Renergy San Marco S.r.l.	37,854
Eolica PM	Eolica PM S.r.l.	69,240
Regalbuto	Anemos Wind S.r.l.	35,357
Campidano	Friel Campidano S.r.l.	78,468
Green Energy Sardegna	Green Energy Sardegna S.r.l.	37,856
Albareto	Fri-El Albareto S.r.l.	27,896
Nulvi-Tergu	Fri-El Anglona S.r.l.	15,654
Ricigliano	Fri-El Ricigliano S.r.l.	20,151
Grottole	Fri-El Grottole S.r.l.	70,471
Comiolica	Comiolica S.L.	46,182
Krupen	Krupen	9,105
Total		**602,421**

	Company	Carrying amount after impairment test
Lacedonia	Ecoenergia S.r.l.	4,086
San Martino in Pensilis	New Green Molise S.r.l.	29,129
San Basilio	Fri-El Guardionara S.r.l.	13,871
Ururi	Andromeda Wind S.r.l.	18,344
Anzi	Fri-El Anzi S.r.l.	12,775
Total		**78,205**

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 in 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. As provided for by its internal policies, the group tests intangible assets with a finite useful life and property, plant and equipment for impairment even when indicators of impairment do not exist.

The group estimated those assets' recoverable amount 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 inactive companies or those acquired during the year because they were recognised at 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 4.50% for CGUs in Italy (4.52% at 31 December 2020) and 4.14% for CGUs in Spain (4.22% at 31 December 2020), also calculated net of tax.
The tests did not identify the need to impair any of the CGUs.

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 an 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 are 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. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Other assets	Assets under construction	Total
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	-	362
Elimination of acc. depreciation of transferred assets	-	-	1,333	66	-	1,399
Total change in accumulated depreciation	**(1,340)**	**(200)**	**(125,611)**	**149**	**-**	**(127,002)**
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 01.01.2021	23,844	282	430,068	316	1,127	455,637
Gross carrying amount						
Change in consolidation scope	1,132	-	-	-	3,312	4,444
Other reclassifications	130	-	(151)	151	(130)	-
Increases/decreases for IFRS 16	652	321	-	49	-	1,022
Increases	3,493	3,862	827	137	56,568	64,887
Decreases	-	-	(5,897)	(13)	-	(5,910)
Total change in gross carrying amount	**5,407**	**4,183**	**(5,221)**	**324**	**59,750**	**64,443**
Accumulated depreciation						
Depreciation	(1,325)	(113)	(28,563)	(104)	-	(30,105)
Increases/decreases for IFRS 16	-	288	-	-	-	288
Elimination of acc. depreciation of transferred assets	-	-	260	-	-	260
Other reclassifications	-	-	139	(139)	-	-
Total change in accumulated depreciation	**(1,325)**	**175**	**(28,164)**	**(243)**	**-**	**(29,557)**
Gross carrying amount at 31.12.2021	**31,592**	**4,792**	**805,983**	**1,533**	**60,877**	**904,777**
Accumulated depreciation	(3,666)	(152)	(409,300)	(1,136)	-	(414,254)
Carrying amount at 31.12.2021	**27,926**	**4,640**	**396,683**	**397**	**60,877**	**490,523**

Land and buildings amount to €32,566 thousand, up by €9,590 thousand on the previous year end, mostly due to the purchase of land by Enermac S.r.l. for two new wind farms in the municipality of Orta Nova (FG) (in the La Ficora and Tre Confini areas) as well as the change in the consolidation scope following the business combinations related to the acquisitions of companies in Romania.

Plant and equipment amount to €396,683 thousand (€430,068 thousand at 31 December 2020) and include the estimated costs to restore the sites. The decrease is mostly due to the normal depreciation recognised during the year and the effect of the change in estimates (supported by an appraisal prepared by an independent expert) used to calculate the provision for future decommissioning costs of the operating wind farms, which decreased this caption by €5,897 thousand.

Other assets amount to €397 thousand (€316 thousand at 31 December 2020) and mainly consist of office fixtures, fittings and electronic equipment.

Assets under construction amount to €60,887 thousand (€1,127 thousand at 31 December 2020). The increase is mostly a result of the recognition of the costs incurred to build the new wind farms in Italy and Romania.

The reporting-date effects of the initial application of IFRS 16 "Leases" are summarised below:

Effects of IFRS 16 on equity (operating leases)	**31.12.2021**	**31.12.2020**
Property, plant and equipment	20,861	20,993
Other current assets	(617)	(646)
Current operating lease liabilities	(1,173)	(1,057)
Non-current operating lease liabilities	(19,174)	(19,496)
Deferred taxes	229	163
Joint ventures	(138)	(82)
Effects on equity	**(12)**	**(125)**

Effects of IFRS 16 on equity (finance leases)	**31.12.2021**	**31.12.2020**
Property, plant and equipment	33,251	35,792
Other current assets	(234)	(1,764)
Current finance lease liabilities	(5,349)	(4,702)
Non-current finance lease liabilities	(17,646)	(22,697)
Deferred taxes	(2,888)	(1,935)
Effects on equity	**7,134**	**4,694**

The right-of-use assets at 31 December 2021 mostly consist of: i) land of €20,002 thousand, ii) plant and machinery of €33,251 thousand, iii) buildings of €804 thousand, and iv) other assets of €55 thousand.

8. EQUITY-ACCOUNTED INVESTMENTS

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

At 31 December 2021, the parent's investments in joint ventures relate to Ecoenergia Campania S.r.l., New Green Molise S.r.l., Andromeda Wind S.r.l., Fri-El Guardionara S.r.l. and Fri-El Anzi Holding S.r.l..
Compared to 31 December 2020, it acquired 50% of three vehicles in 2021 through its subsidiary Alerion Servizi Tecnici e Sviluppo S.r.l.: Generai s.r.l. on 14 May 2021, Bioenergia S.r.. on 9 July 2021 and Parco Eolico Santa Croce del Sannio House S.r.l. on 24 September 2021. They own development projects for the construction of three wind farms in the province of Foggia.

Following its merger with the subsidiary Alerion Energie Rinnovabili S.r.l., the parent also has direct investments in the following associates: Giava Uno S.r.l. in liquidation and S.C. Compania Eoliana S.A.. The latter, in turn, owns 99% of Jimbolia Wind Farm S.r.l..
The winding up of Giava Uno S.r.l. was completed on 13 January 2021.

Under the governance structure and contractual arrangements, the parent cannot exercise sole control 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)	31.12.2021	31.12.2020	Change
Ecoenergia Campania S.r.l.	3,500	3,955	(455)
New Green Molise S.r.l.	22,661	16,305	6,356
Andromeda Wind S.r.l.	13,664	11,601	2,063
Fri-El Anzi Holding S.r.l.	9,800	8,595	1,205
Fri-El Guardionara S.r.l.	10,707	9,570	1,137
Generai S.r.l.	340	-	340
Bioenergia S.r.l.	881	-	881
Parco Eolico Santa Croce del Sannio House S.r.l.	93	-	93
Equity-accounted investments	**61,646**	**50,026**	**11,620**

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 with installed capacity of 15 MW, recognised using the equity method in these consolidated financial statements, are summarised below:

Ecoenergia Campania S.r.l. (€'000)

	31.12.2021	31.12.2020
Non-current assets	8,203	8,814
Current assets	2,970	1,426
including: cash and cash equivalents	*1,067*	*825*
Total assets	**11,173**	**10,240**
Equity	7,001	7,911
Non-current liabilities	331	504
Current liabilities	3,841	1,825
Liabilities and equity	**11,173**	**10,240**

	2021	2020
Revenue	6,038	2,959
Costs	(2,980)	(2,121)
including: impairment losses, amortisation and depreciation	*(749)*	*(754)*
including: interest expense	*(3)*	*(125)*
including: income taxes	*(1,229)*	*(392)*
Profit for the year	**3,058**	**838**
Dividends distributed	**(3,968)**	**(1,080)**

	31.12.2021	31.12.2020
Net assets	7,001	7,911
Investment percentage	50%	50%
Carrying amount of the investment	**3,500**	**3,955**

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:

New Green Molise S.r.l. (€'000)	31.12.2021	31.12.2020
Non-current assets	63,396	68,339
Current assets	27,058	14,760
including: cash and cash equivalents	*18,741*	*12,041*
Total assets	**90,454**	**83,099**
Equity	45,323	32,611
Non-current liabilities	29,971	38,402
including: financial liabilities	*29,334*	*37,071*
Current liabilities	15,160	12,086
including: financial liabilities	*8,809*	*8,797*
Liabilities and equity	**90,454**	**83,099**

	2021	2020
Revenue	26,138	13,600
Costs	(14,406)	(6,745)
including: impairment losses, amortisation and depreciation	*(4,094)*	*(4,061)*
including: interest income	*-*	*2*
including: interest expense	*(2,577)*	*(2,932)*
including: income taxes	*(5,227)*	*2,820*
Profit for the year	**11,732**	**6,855**
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	1,288	522
Related tax	*(309)*	*(125)*
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	**979**	**397**
Dividends distributed	**-**	**(3,796)**

	31.12.2021	31.12.2020
Net assets	45,323	32,611
Investment percentage	50%	50%
Carrying amount of the investment	**22,661**	**16,305**

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:

Andromeda Wind S.r.l. (€'000)		
	31.12.2021	**31.12.2020**
Non-current assets	37,438	40,181
Current assets	10,110	6,092
including: cash and cash equivalents	*6,226*	*4,814*
Total assets	**47,548**	**46,273**
Equity	27,885	23,675
Non-current liabilities	13,140	20,508
including: financial liabilities	*8,297*	*15,276*
Current liabilities	6,523	2,090
including: financial liabilities	*3,578*	*173*
Liabilities and equity	**47,548**	**46,273**
	2021	**2020**
Revenue	12,038	453
Costs	(6,431)	(247)
including: impairment losses, amortisation and depreciation	*(2,538)*	*(141)*
including: interest expense	*(373)*	*(20)*
including: income taxes	*(2,219)*	*(24)*
Profit for the year	**5,607**	**206**
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	135	-
Related tax	*(32)*	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	**103**	**-**
Dividends distributed	**(1,500)**	**-**
	31.12.2021	**31.12.2020**
Net assets	27,885	23,675
Investment percentage	49%	49%
Carrying amount of the investment	**13,664**	**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:

Fri-el Anzi Holding S.r.l. (€'000)	31.12.2021	31.12.2020
Non-current assets	26,073	27,985
Current assets	6,641	3,400
including: cash and cash equivalents	*4,160*	*2,638*
Total assets	**32,714**	**31,385**
Equity	19,999	17,541
Non-current liabilities	8,884	12,937
including: financial liabilities	*4,467*	*8,275*
Current liabilities	3,831	907
including: financial liabilities	*1,938*	*25*
Liabilities and equity	**32,714**	**31,385**

	2021	2020
Revenue	8,039	-
Costs	(4,224)	1,214
including: impairment losses, amortisation and depreciation	*(1,612)*	*(30)*
including: interest expense	*(182)*	*-*
including:net income from equity investments		*1,238*
including: income taxes	*(1,522)*	*-*
Profit for the year	**3,815**	**1,214**
Dividends distributed	**(1,400)**	**-**

	31.12.2021	31.12.2020
Net assets	19,999	17,541
Investment percentage	49%	49%
Carrying amount of the investment	**9,800**	**8,595**

The reverse merger of Fri-El Anzi S.r.l. (wholly owned by Fri-El Anzi Holding) and Fri-El Anzi Holding S.r.l. became effective on 1 January 2022.

Fri-El Guardionara S.r.l.

Fri-El Guardionara S.r.l. owns a wind farm in the municipalities of San Basilio, 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:

Fri-el Guardionara S.r.l. (€'000)		
	31.12.2021	**31.12.2020**
Non-current assets	28,309	30,388
Current assets	7,726	5,295
including: cash and cash equivalents	*(21,850)*	*4,003*
Total assets	**36,035**	**35,683**
Equity	21,850	19,531
Non-current liabilities	9,259	15,036
including: financial liabilities	*4,442*	*9,756*
Current liabilities	4,926	1,116
including: financial liabilities	*2,688*	*67*
Liabilities and equity	**36,035**	**35,683**
	2021	**2020**
Revenue	9,474	346
Costs	(5,106)	(201)
including: impairment losses, amortisation and depreciation	*(1,848)*	*(112)*
including: interest expense	*(236)*	*(14)*
including: income taxes	*(1,797)*	*(22)*
Profit for the year	**4,368**	**145**
Comprehensive income		
Effective portion of net fair value gains on cash flow hedges of equity-accounted investees	67	-
Related tax	*(16)*	-
Post-tax other comprehensive income that can be reclassified subsequently to profit or loss	**51**	**-**
Dividends distributed	**(2,100)**	**-**
	31.12.2021	**31.12.2020**
Net assets	21,850	19,531
Investment percentage	49%	49%
Carrying amount of the investment	**10,707**	**9,570**

Genererai S.r.l.

Generai S.r.l. owns a development project to build a wind farm with installed capacity of 29.4 MW in the municipality of Cerignola (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Generai S.r.l. (€'000)	**31.12.2021**	**31.12.2020**
Non-current assets	707	-
Current assets	29	-
including: cash and cash equivalents	*19*	*-*
Total assets	**736**	-
Equity	681	-
Current liabilities	30	-
Liabilities and equity	**736**	**-**
	2021	**2020**
Revenue	-	-
Costs	(3)	-
Loss for the year	**(3)**	**-**
Dividends distributed	**-**	**-**
	31.12.2021	**31.12.2020**
Net assets	681	-
Investment percentage	50%	
Carrying amount of the investment	**340**	**-**

Bioenergia S.r.l.

Bioenergia S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 30 MW in the municipalities of Orta Nova and Cerignola (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Bioenergia S.r.l. (€/000)		
	31.12.2021	**31.12.2020**
Non-current assets	1,817	-
Current assets	9	-
including: cash and cash equivalents	*1*	-
Total assets	**1,826**	-
Equity	1,762	-
Current liabilities	49	-
Liabilities and equity	**1,826**	**-**
	2021	**2020**
Revenue	4	-
Costs	(1)	-
Profit for the year	**3**	**-**
Dividends distributed	**-**	**-**
	31.12.2021	**31.12.2020**
Net assets	1,762	-
Investment percentage	50%	
Carrying amount of the investment	**881**	**-**

Parco Eolico Santa Croce del Sannio House S.r.l.

Parco Eolico Santa Croce del Sannio House S.r.l., 50% owned by the parent, owns a development project to build a wind farm with installed capacity of 29.6 MW in the municipality of Manfredonia (Foggia). Its current and non-current assets and liabilities, costs and revenue, recognised in these consolidated financial statements using the equity method, are summarised below:

Parco Eolico Santa croce del Sannio House S.r.l. (€'000)		
	31.12.2021	**31.12.2020**
Non-current assets	183	-
Current assets	6	-
including: cash and cash equivalents	-	-
Total assets	**189**	-
Equity	186	-
Current liabilities	3	-
Liabilities and equity	**189**	**-**
	2021	**2021**
Revenue	4	-
Costs	(52)	-
Loss for the year	**(48)**	**-**
Dividends distributed	**-**	**-**
	31.12.2021	**31.12.2020**
Net assets	186	-
Investment percentage	50%	
Carrying amount of the investment	**93**	**-**

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

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.

9. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

Loans and other non-current financial assets amount to €7,176 thousand (€4,358 thousand at 31 December 2020) and include: i) loans to equity-accounted investees, and ii) financial assets related to the development and investment projects in Romania, described in the “Key events of the year” section.

10.OTHER NON-CURRENT ASSETS

Other non-current assets amount to €947 thousand compared to €875 thousand at 31 December 2020 and mainly consist of VAT assets to be collected after one year.

CURRENT ASSETS

11. TRADE RECEIVABLES

Trade receivables amount to €38,263 thousand (€9,113 thousand at 31 December 2020) and mainly relate to sales of the energy produced in December 2021. The increase is due to the hike in prices during the year, commented on earlier in this report.

Trade receivables are generally due within 30-45 days.

12. TAX ASSETS

Tax assets amount to €2,989 thousand (€5,096 thousand at 31 December 2020) and mainly relate to IRES (corporate income tax) claimed for reimbursement and paid on account (€1,212 thousand and €669 thousand, respectively) and IRAP (tax on production activities) claimed for reimbursement and paid on account (€1,012 thousand and €94 thousand, respectively).

13.OTHER CURRENT ASSETS

Other current assets are broken down in the following table:

(€'000)	31.12.2021	31.12.2020	Change
Tax assets	13,597	13,164	433
Other assets	21,595	15,375	6,220
Total other current assets	**35,192**	**28,539**	**6,653**

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

Other assets amount to €21,595 thousand (€15,375 thousand at 31 December 2020), net of a loss allowance of €269 thousand, and mainly relate to amounts due under feed-in tariff schemes of €14,588 thousand (€10,066 thousand at 31 December 2020) and sundry assets of €4,653 thousand, mostly comprising insurance compensation and prepayments of €2,038 thousand.

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

14.LOANS AND OTHER CURRENT FINANCIAL ASSETS

This caption of €457 thousand (€1,003 thousand at 31 December 2020) includes loans for a project under development in Romania.

15.CASH AND CASH EQUIVALENTS

(€'000)	31.12.2021	31.12.2020	Change
Demand deposits	123,634	147,688	(24,054)
Cash and cash equivalents on hand	18	18	0
Total cash and cash equivalents	**123,652**	**147,706**	**(24,054)**

Bank deposits amount to €123,652 thousand (€147,706 thousand at 31 December 2020).

At the reporting date, the bank deposits relating to group companies that are not parties to project financing agreements amount to €84,693 thousand (€105,016 thousand at 31 December 2020). Cash and cash equivalents of group companies funded through project financing amount to €38,960 thousand (€42,690 thousand at 31 December 2020) 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 €24,570 thousand to €227,098 thousand from €202,528 thousand at 31 December 2020. The increase includes:

- the profit attributable to the owners of the parent of €48,738 thousand;
- net actuarial gains on defined benefit plans (IAS 19) of €20 thousand, recognised in OCI net of tax;
- the repurchase of treasury shares of €3,119 thousand;
- net fair value losses of €6,038 thousand on derivatives, net of tax;
- the partial distribution of available reserves (€15,158 thousand);
- an increase of €127 thousand in other changes, mostly due to the recent acquisitions of the SPEs in Romania.

At their meeting of 26 April 2021, the parent's shareholders approved the proposed distribution of a dividend from available reserves of €0.28 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 5 May

2021 and detachment date of coupon 10 on 3 May 2021. The parent distributed the dividend of €15,158 thousand in compliance with the terms established by the shareholders.

The 2021 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 (unchanged from 31 December 2020) is made up of 54,229,403 ordinary shares.

The **treasury share reserve** amounts to €3,147 thousand (€28 thousand at 31 December 2020) and shows the price paid to repurchase 225,356 treasury shares. It increased by €3,119 thousand during the year.

The **share premium** amounts to €21,400 thousand, unchanged from 31 December 2020, 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 **income-related reserves** amount to €62,939 thousand (€29,085 thousand at 31 December 2020) and include retained earnings less dividends distributed.

The **hedging reserve** is negative by €15,231 thousand (negative by €9,066 thousand at 31 December 2020) and includes the post-tax net fair value losses on the effective portion of hedging derivatives. The net fair value losses of €6,165 thousand accumulated during the year include gains of €564 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 €4,525 thousand (€4,473 thousand at 31 December 2020).

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

(€'000)	Operating office	Investment percentage		Profit (loss) attributable to non-controlling interests		Equity (deficit) attributable to non-controlling interests	
		31.12.2021	31.12.2020	2021	2020	31.12.2021	31.12.2020
Alerion Bulgaria AD	Bulgaria	92.50%	92.50%	(2)	(2)	(7)	(7)
Parco Eolico Licodia Eubea	Italy	80.00%	80.00%	538	25	1,314	774
Energes Biccari	Italy	75.00%	75.00%	0	3	0	0
Wind Energy EOOD	Bulgaria	51.00%	51.00%	79	50	673	593
Wind Stream EOOD	Bulgaria	51.00%	51.00%	40	30	449	407
Wind Systems EOOD	Bulgaria	51.00%	51.00%	142	44	633	492
Wind Power 2 EOOD	Bulgaria	51.00%	51.00%	84	55	640	557
Fri-El Anglona	Italy	90.00%	90.00%	654	435	(439)	(481)
Draghiescu Partners	Romania	90.00%	90.00%	(26)	(11)	(39)	(11)
Fri-El Nulvi Holding	Italy	90.00%	90.00%	(16)	(6)	1,313	2,149
Mitoc Partners	Romania	75.00%	0.00%	(12)	0	(12)	0
Phoenix Catalyst	Romania	75.00%	0.00%	0	0	0	0
Phoenix Ceres	Romania	75.00%	0.00%	0	0	0	0
Phoenix Genesis	Romania	75.00%	0.00%	0	0	0	0
Phoenix Nest	Romania	75.00%	0.00%	0	0	0	0
Total				**1,481**	**623**	**4,525**	**4,473**

NON-CURRENT LIABILITIES

17.NON-CURRENT FINANCIAL LIABILITIES

(€'000)	31.12.2021	31.12.2020	Change
Bonds issued	395,901	345,730	50,171
Bank loans and borrowings	106,920	132,933	(26,013)
Lease liabilities	19,827	19,496	331
Finance lease liabilities	19,171	24,625	(5,454)
Shareholder loans - non-controlling investors	12,167	12,099	68
Total non-current financial liabilities	**553,986**	**534,883**	**19,103**

Bonds issued at 31 December 2021 comprise i) the 2019-2025 bonds subscribed on 12 December 2019 for €200,000 thousand, net of issue costs of €1,987 thousand, and ii) the 2021-2027 bonds issued on 3 November 2021 for €200,000 thousand net of issue costs of €2,112 thousand. The increase is due to the subscription of the new 2021-2027 bonds and redemption of the previous 2018-2024 issue.

Bank loans and borrowings amount to €106,920 thousand (€132,933 thousand at 31 December 2020) 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 (€23,042 thousand), Fri-El Albareto S.r.l. (€15,637 thousand) and Eolica PM S.r.l. (€39,069 thousand), respectively, net of transaction costs, ii) the project financing arising from the 2019 acquisitions of Comiolica S.L. (€14,233 thousand) and Fri-El Campidano S.r.l. (€7,418 thousand), net of transaction costs, iii) the bank loans taken out by Alerion Clean Power S.p.A. in May 2019 and October 2020 (€1,103 thousand and €3,188 thousand, respectively), and iv) the project financing relating to the acquisitions performed in 2020, such as Grottole S.r.l. (€3,230 thousand).

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

(€'000)	31.12.2020	Increase	Decrease	31.12.2021	Interest rate	IRS	Maturity
Project financing - Callari	17,521	-	(17,521)	-	6M Euribor + 1.20%	4.85%	Reimbursed
Project financing - Ordona	23,744	-	(23,744)	-	6M Euribor + 1.20%	4.84%	Reimbursed
2018-2024 bonds	151,025	-	(151,025)	-	3.75%	n.a.	2024
Project financing - Albareto	18,964	-	(2,256)	16,708	6M Euribor + 2.05%	0.91%	2035
Project financing - Alerion Teruel	1,670	-	(1,670)	-	6M Euribor + 2.75%	0.21%	2021
Bankinter loan	2,699	-	(784)	1,915	6M Euribor + 2.32%	n.a.	2024
2019-2025 green bonds	197,779	457	-	198,236	3.125%	n.a.	2025
2021-2027 green bonds	-	198,603	-	198,603	2.25%	n.a.	2027
Project financing - Campidano	23,632	-	(7,847)	15,785	6M Euribor + 1.75%	-0.17%	2023
Project financing - Comiolica	17,433	-	(965)	16,468	6M Euribor + 2.75%	0.43%	2026
Project financing - Eolica PM	44,227	-	(2,592)	41,635	6M Euribor + 2.05%	1.11%	2035
Project financing - Green Energy Sardegna	26,797	-	(2,174)	24,623	6M Euribor + 2.05%	1.23%	2035
Project financing - W.Energy Eood	480	-	(240)	240	DEG Base + 4.75%	n.a.	2022
Project financing - W.Power Eood	480	-	(240)	240	DEG Base + 4.75%	n.a.	2022
Project financing - W.Stream Eood	480	-	(240)	240	DEG Base + 4.75%	n.a.	2022
Project financing - W.System Eood	480	-	(240)	240	DEG Base + 4.75%	n.a.	2022
Project financing - Grottole	18,155	-	(7,358)	10,797	6M Euribor + 1.10%	0.19%	2023
Lease liabilities	49,878	-	(4,359)	45,519	Incremental borrowing rate 3.71%	n.a.	
Bank loans and borrowings	12,075	6,943	-	19,018	1M Euribor + 1.0%	n.a.	on demand
Mediocredito 2020-2026 loan	4,802	-	(800)	4,002	3M Euribor + 1.8%	n.a.	2026
Loan from non-controlling investors	12,313	109	-	12,422			
Other financial liabilities	-	4	-	4			
Total financial liabilities	**624,634**	**206,116**	**(224,055)**	**606,695**			
including:							
Current	**89,751**			**52,709**			
Non-current	**534,883**			**553,986**			

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
Villa Cidro (SU)	Callari S.r.l.	36.00	27,734	-	Proj. financing	Reimbursed	(*)	(**)
Ordona (FG)	Ordona S.r.l.	34.00	29,850	-	Proj. financing	Reimbursed	(*)	(**)
Castel di Lucio (ME)	Minerva S.r.l.	23.00	22,375	-	Quotaholder loan	2022	(Itg)	(Itg)
Licodia Eubea (CT)	Parco Eolico Licodia Eubea S.r.l.	22.10	21,588	-	Quotaholder loan	2022	(Itg)	(Itg)
San Marco in Lamis (FG)	Renergy San Marco S.r.l.	44.20	37,854	-	Quotaholder loan	2022	(Itg)	(Itg)
Agrigento (AG)	Wind Power Sud S.r.l.	33.15	34,516	-	Quotaholder loan	2022	(Itg)	(Itg)
Albanella (SA)	Eolo S.r.l.	8.50	4,000	-	Quotaholder loan	2022	(Itg)	(Itg)
Ciorlano (CE)	Dotto S.r.l.	20.00	12,026	-	Quotaholder loan	2022	(Itg)	(Itg)
Morcone and Pontelandolfo	Eolica PM S.r.l.	51.80	69,240	41,635	Proj. financing	2035	(*)	(**)
Villa Cidro (SU)	Green Energy Sardegna S.r.l.	30.80	37,856	24,623	Proj. financing	2035	(*)	(**)
Comiolica (Spain)	Comiolica S.L.	36.00	46,182	16,468	Proj. financing	2035	(*)	(**)
Albareto	Fri-El Albareto S.r.l.	19.80	27,896	16,708	Proj. financing	2035	(*)	(**)
Campidiano	Fri-El Campidano S.r.l.	70.00	45,275	15,785	Proj. financing	2023	(*)	(**)
Regalbuto	Anemos Wind S.r.l.	50.00	35,357	24,478	Lease	2023	(*)	(**)
Grottole	Fri-el Grottole	54.00	70,471	10,797	Proj. financing	2023	(*)	(**)
Ricigliano	Fri-el Ricigliano	36.00	20,151	-	Proj. financing	Reimbursed	(*)	(**)
Nulvi-Tergu	Fri-el Anglona	29.80	15,654	-	Proj. financing	Reimbursed	(*)	(**)
Krupen (1) (Bulgaria)	W.Energy Eood	3.00	2,243	240	Proj. financing	n.a.	(*)	(**)
Krupen (2) (Bulgaria)	W.Power Eood	3.00	2,219	240	Proj. financing	n.a.	(*)	(**)
Krupen (3) (Bulgaria)	W.Stream Eood	3.00	2,243	240	Proj. financing	n.a.	(*)	(**)
Krupen (4) (Bulgaria)	W.System Eood	3.00	2,243	240	Proj. financing	n.a.	(*)	(**)
		611.0	**566,973**	**151,454**				

(*) 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)	31.12.2021	Amounts relating to group companies that are parties to project financing agreements	31.12.2020	Amounts relating to group companies that are parties to project financing agreements
Trade receivables	38,263	18,203	9,113	5,583
Tax assets	2,989	7	5,096	83
Other current assets	35,192	7,736	28,539	12,244
including: feed-in tariff	*14,588*	*5,041*	*10,066*	*5,841*
Loans and other current financial assets	457	-	1,003	-
Cash and cash equivalents	123,652	38,960	147,706	42,690
CURRENT ASSETS	**200,553**	**64,906**	**191,457**	**60,600**

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 - 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 - Comiolica	1.05
- Project financing - Grottole	1.05
- Project financing - Campidano	1.05
- Project financing - Krupen	1.10

The above covenants had been complied with at 31 December 2021, the most recent calculation date.

With reference to the **2021-2027 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 3, 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 3 at the next calculation date. The calculation date is 31 December of each year until the bonds mature, starting from 31 December 2021. 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 2021 annual financial report.

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. They include finance lease liabilities of €19,171 thousand related to the Regalbuto plant.

Shareholder loans - non-controlling investors are those granted in connection with wind farm development projects. The caption mostly relates 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 has 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 €19,943 thousand (€15,025 thousand at 31 December 2020). Their current portion of €16,902 thousand shows the cash flows due within one year and their non-current portion of €3,041 thousand shows future cash flows until the repayment of the project financing.

At 31 December 2021, 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 2021**	**Through equity**	**Change in consolidation scope**	**Early settlement and reimbursement of derivatives**	**Through profit or loss**	**IRS fair value at 31 December 2020**
GE Capital (Ordona)	-	-	-	-		2,892	-	(2,892)
Monte dei Paschi di Siena (Callari)	-	-	-	-		1,479	-	(1,479)
Banco BPM (Campidano)	9,020	6,384	(17)	40		-	-	(57)
Banco BPM (Campidano # 2)	6,765	4,788	(13)	31		-	-	(44)
Unicredit (Green Energy Sardegna)	24,623	18,886	(1,357)	991		-	-	(2,348)
Unicredit (Eolica)	41,633	31,830	(2,013)	1,633		-	-	(3,646)
Sabadel (Alerion Teruel)	-	-	-	-		-	1	(1)
Sabadel (Comiolica)	16,468	12,677	(62)	149		-	-	(211)
Unicredit (Grottole)	10,797	8,144	(50)	37		-	57	(144)
Unicredit (Fri-el Albareto)	16,707	12,995	(671)	640		-	(1)	(1,310)
Derivatives relating to project financing	**126,013**	**95,704**	**(4,183)**	**3,521**	**-**	**4,371**	**57**	**(12,132)**

Counterparty (group company) (€'000)	**Commodity swaps**	**Derivative notional amount (MWh)**	**IRS fair value at 31 December 2021**	**Through equity**	**Change in consolidation scope**	**Early settlement and reimbursement of derivatives**	**Through profit or loss**	**IRS fair value at 31 December 2020**
Other derivatives	-	-	-	2,893	-	-	-	(2,893)
Unicredit (Alerion Clean Power)	-	227	(15,760)	(15,760)	-	-	-	-
Commodity swaps	**-**	**227**	**(15,760)**	**(12,867)**	**-**	**-**	**-**	**(2,893)**
Derivatives relating to investments in consolidated companies			**(19,943)**	**(9,346)**	**-**	**4,371**	**57**	**(15,025)**
Related tax			***1,014***	***2,744***	***-***	***(1,049)***	***(3,604)***	***2,923***
Derivatives relating to investments in consolidated companies, net of related tax			**(18,929)**	**(6,602)**	**-**	**3,322**	**(3,547)**	**(12,102)**

Counterparty (group company) (€'000) ***Equity-accounted investments***	**Hedged project financing**	**IRS notional amount**	**IRS fair value at 31 December 2021**	**Through equity**	**Change in consolidation scope**	**Early settlement and reimbursement of derivatives**	**Through profit or loss**	**IRS fair value at 31 December 2020**
Unicredit (Andromeda)*	5,095	4,624	(48)	66	-	-	-	(114)
Unicredit (Guardionara)*	3,313	3,005	(20)	33	-	-	-	(53)
B.I.I.S. (New Green Molise)*	12,588	11,798	(874)	644	-	-	-	(1,518)
Derivatives relating to equity-accounted investments	**20,996**	**19,427**	**(942)**	**743**	**-**	**-**	**-**	**(1,685)**
Related tax			***225***	***(179)***	***-***	***-***	***-***	***404***
Derivatives relating to equity-accounted investments net of related tax			**(717)**	**564**	**-**	**-**	**-**	**(1,281)**

(*) 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 €95,704 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 227 MW to be exchanged in the period from 1 January to 31 March 2022, setting the price at an average €174.95 over the quarter.

The consolidated companies' interest rate swaps' fair value and the commodity swaps' fair value amount to €19,943 thousand (€15,025 thousand at 31 December 2020). 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 loss has been accumulated in equity. Any ineffective portion has been recognised in profit or loss.

The net fair value gain on interest rate swaps of €7,950 thousand is mostly attributable to:

- the €4,371 thousand decrease, due to the prepayment of project financing by Ordona Energia S.r.l. and Callari S.r.l.;

- the reduction of €3,521 thousand in the liability for derivatives recognised in equity, principally as a result of the ongoing situation on the financial markets, which continues to adversely affect the fair value of derivatives, impacted by the negative difference between the IRS rate curve and the forward rate curve.

The fair value of commodity swaps decreased by €12,867 thousand, which was recognised in full in equity and is a result of the expectations of a curve in the forward prices in 2022 which is forecast to be higher than the agreed price.

The group recognised a fair value gain of €565 thousand, net of tax, in OCI on the derivatives entered into by the equity-accounted investees. The derivative liabilities of these investees totalled €717 thousand at the reporting date, compared to €1,281 thousand at 31 December 2020.

19.POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

These amount to €631 thousand (€602 thousand at 31 December 2020) and are measured using actuarial techniques as the group's actual liability to all employees, in accordance with IAS 19.

The underlying actuarial and financial assumptions are as follows:

Actuarial and economic assumptions	
Calculation date	**31/12/2021**
Mortality rate	IPS55 tables
Disability rate	INPS-2000 tables
Turnover rate	2.00%
*Discount rate**	0.98%
Salary increase rate	1.00%
Advance payment rate	1.00%
Inflation rate	1.00%

The group has 46 employees at the reporting date, broken down as follows:

	31.12.2020	Increases	Decreases	31.12.2021	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	34	14	(4)	44	38.0
Total employees	**36**	**14**	**(4)**	**46**	**40.0**

The employees' average age and education are as follows:

	Average age		University graduates	
	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Managers	53	54	2	2
Junior managers and white collars	41	41	17	19
Average	**47.0**	**47.5**	**19**	**21**

20.PROVISIONS FOR FUTURE RISKS AND CHARGES

(Euro/000)	**31.12.2021**	**31.12.2020**	**Change**
Provision for taxes and tax disputes	6,825	5,850	975
Provision for legal disputes	37,789	110	37,679
Provisions for other risks	11,327	16,015	(4,688)
Total provisions for future risks and charges	**55,941**	**21,975**	**33,966**

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

(Euro/000)	Provision for taxes and tax disputes	Provision for legal disputes	Provisions for other risks	Total
31 December 2020	**5,850**	**110**	**16,015**	**21,975**
Accruals	1,066	37,716	5,212	43,994
Utilisations/releases	(91)	(37)	(9,900)	(10,028)
31 December 2021	**6,825**	**37,789**	**11,327**	**55,941**

The **provision for taxes and tax disputes** covers the increase of €6,825 thousand (€5,850 thousand at 31 December 2020) 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 decommissioning costs of €5,260 thousand (€13,098 thousand at 31 December 2020). The decrease relates to the different accounting treatment of this provision based on the technical appraisals prepared by sector experts which led to the recognition of €2,895 thousand in profit or loss and the offsetting of assets and liabilities in the statement of financial position;
- an accrual of €4,000 thousand for the Spanish operating company Comiolica calculated on the income established by Spanish law for wind farms, recognised under other revenue in the statement of profit or loss;
- the accruals made in 2021 mostly relate to the proceedings commenced by the parent aimed at declaring the nullity of commodity swaps entered into to hedge energy price risk. The provision reflects the maximum risk with a corresponding decrease in revenue from electricity sales (more information is available in note 38).

21.OTHER NON-CURRENT LIABILITIES

These amount to €14,409 thousand (€13,970 thousand at 31 December 2020) and include the deferred 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, respectively.

(Euro/000)	31.12.2021	31.12.2020	Change
Sundry liabilities	14,409	13,970	439
Total non-current other liabilities	**14,409**	**13,970**	**439**

CURRENT LIABILITIES

22.CURRENT FINANCIAL LIABILITIES

(Euro/000)	31.12.2021	31.12.2020	Change
Loans and borrowings and bank facilities	44,993	80,705	(35,712)
Accrued interest on bonds	938	3,074	(2,136)
Operating lease liabilities	1,214	1,057	157
Finance lease liabilities	5,307	4,702	605
Shareholder loans - non-controlling investors	257	213	44
Total current financial liabilities	**52,709**	**89,751**	**(37,042)**

Loans and borrowings and bank facilities amount to €44,993 thousand and mostly relate to the current portion of project financing associated with the plants owned by: i) Eolica PM S.r.l. (€2,566 thousand); ii) Fri-El Campidano S.r.l. (€8,367 thousand); iii) Krupen (€961 thousand); iv) Green Energy Sardegna S.r.l. (€1,581 thousand); v) Fri-El Albareto S.r.l. (€1,071 thousand); vi) Comiolica S.L. (€2,235 thousand); and vii) Fri-El Grottole S.r.l. (€7,567 thousand). The caption also includes the current portion of the parent's corporate loans with Bankinter (€812 thousand), Mediocredito (€814 thousand) and the drawn-down credit lines of €19,018 thousand.

Accrued interest on bonds amounts to €938 thousand and shows the unpaid interest on the new 2021-2027 bonds accrued since their issue on 3 November 2021 as well as the interest accrued on the 2019-2025 bonds. The decrease is due to the payment on the coupons on the 2018-2024 bonds when they were redeemed.

Lease liabilities of €6,521 thousand show the present value of the lease payments due within one year, recognised using the treatment required by IFRS 16. They include finance lease liabilities of €5,307 thousand related to the Regalbuto plant.

23.TRADE PAYABLES

Trade payables amount to €14,175 thousand (€8,313 thousand at 31 December 2020) and are due to suppliers. They do not bear interest and are usually settled within 60 days. The increase is due to smaller amounts due to third party suppliers.

24.TAX LIABILITIES

Tax liabilities amount to €8,670 thousand (€4,559 thousand at 31 December 2020) and mainly relate to corporate income taxes.

(Euro/000)	31.12.2021	31.12.2020	Change
IRAP	2,578	312	2,266
Substitute tax	1,269	2,499	(1,230)
IRES	4,823	1,748	3,075
Total tax liabilities	**8,670**	**4,559**	**4,111**

25.OTHER CURRENT LIABILITIES

(Euro/000)	31.12.2021	31.12.2020	Change
Employees and directors	440	438	2
Taxes	1,884	1,913	(29)
Social security charges payable	232	220	12
Sundry liabilities	11,105	6,959	4,146
Total other current liabilities	**13,661**	**9,530**	**4,131**

Sundry liabilities mainly relate to:

- agreements with municipal authorities of €2,843 thousand (€1,861 thousand at 31 December 2020);
- the deferred grants related to assets recognised by the subsidiaries Eolo S.r.l. and WPS S.r.l. received as per Law no. 488/92 "Government assistance for production activities" pertaining to subsequent years (€420 thousand).

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

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

26.FINANCIAL DEBT FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

(€'000)		31.12.2021	31.12.2020
Cash and cash equivalents			
Cash	15	18	18
Cash equivalents	15	123,634	147,688
total cash and cash equivalents	15	**123,652**	**147,706**
Loans and other current financial assets	14	457	1,003
Liquidity		**124,109**	**148,709**
Current financial liabilties			
Bank facilities	22	(19,018)	(12,076)
Derivatives	18	(15,760)	(2,893)
Current loans and borrowings	18 - 22	**(34,778)**	**(14,969)**
Bank loans and borrowings and project financing	20	(25,975)	(68,629)
Lease liabilities	22	(1,214)	(1,057)
Finance lease liabilities	22	(5,307)	(4,702)
Derivatives	18	(1,142)	(5,680)
Accrued interest on bonds	22	(938)	(3,074)
Other loans and borrowings	20	(257)	(213)
Current portion of non-current loans and borrowings	20	**(34,833)**	**(83,355)**
Current financial debt	18 - 22	**(69,611)**	**(98,324)**
NET CURRENT FINANCIAL POSITION		**54,498**	**50,385**
Non-current financial liabilities			
Bank loans and borrowings and project financing	17	(106,920)	(132,933)
Other loans and borrowings	17	(12,167)	(12,099)
Lease liabilities	17	(19,827)	(19,496)
Finance lease liabilities	17	(19,171)	(24,625)
Derivatives	18	(3,041)	(6,452)
Non-current loans and borrowings	17 - 18	**(161,126)**	**(195,605)**
Bonds issued	17	(395,901)	(345,730)
Debt instruments	17	**(395,901)**	**(345,730)**
Trade payables and other non-current liabilities		-	-
NON-CURRENT FINANCIAL DEBT	17 - 18	**(557,027)**	**(541,335)**
FINANCIAL DEBT*		**(502,529)**	**(490,950)**

* Financial debt calculated as per the ESMA32-382-1138 Guidelines

FINANCIAL COVENANTS provided for by bond regulations			
FINANCIAL DEBT FOR REPORTING PURPOSES net of derivatives		(475,410)	(471,567)

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

STATEMENT OF PROFIT OR LOSS

27.REVENUE

2021 **revenue** amounts to €148,552 thousand (€100,625 thousand in 2020), up 47.6% thanks to the higher average sales prices of the year and the rise in the unit value of the feed-in tariff in Italy (from €99.1 to €109.4 per MWh). A breakdown of the caption is as follows:

- electricity sales: €78,482 thousand (€37,236 thousand in 2020);
- feed-in tariff: €70,070 thousand (€63,389 thousand in 2020).

Average selling price

The 2021 average selling price of electricity from wind plants under the feed-in tariff (FIP, formerly "green certificates") schemes is €230.4/MWh, compared to €135.8/MWh in 2020. Specifically:

- the average selling price of electricity from wind plants that still benefit from the feed-in tariff scheme is €121.0/MWh compared to €36.7/MWh in 2020;
- the average 2021 feed-in tariff is €109.4/MWh (€99.1/MWh in 2020);
- 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 2021 average selling price of the Krupen plant in Bulgaria was approximately €99.5/MWh. In particular, in Bulgaria, the feed-in premium scheme 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

2021 **other revenue and income** amount to €5,172 thousand (€8,724 thousand in 2021) and mainly relate to:

- transfer of guarantees of origin (GOs) to third parties (€426 thousand compared to €448 thousand in 2020);
- administrative and technical consultancy services to equity-accounted investees (€919 thousand compared to €730 thousand in 2020);
- recognition of the effects of the different accounting treatment of the provisions for risks for future decommissioning costs of the operating wind farms based on the technical appraisals prepared by sector experts, which led to the recognition of income of €2.8 million (€0 in 2020);
- insurance compensation for non-production (€861 thousand compared to €1,789 thousand in 2020) 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 (€1,291 thousand compared to €1,292 thousand in 2020).

29.OPERATING COSTS

(€'000)	2021	2020	Change
Operating costs			
Personnel expenses	**2,940**	**2,492**	**448**
BoD and corporate costs	1,859	1,659	200
Consultancies	5,360	3,542	1,818
Insurance	2,426	2,452	(26)
Maintenance	14,659	15,157	(498)
Royalties and leases	2,840	1,634	1,206
IMU	1,175	1,155	20
Other production and unbalancing costs	402	431	(29)
Other costs	4,162	3,852	310
Other operating costs	**32,883**	**29,882**	**3,001**
Accruals to provisions for risks	168	465	(297)
Accruals to provisions for risks	**168**	**465**	**(297)**
Total operating costs	**35,991**	**32,839**	**3,152**

Operating costs increased by €3,152 thousand, mostly due to the higher cost of consultancies (€1,818 thousand) and royalties and leases (€1,206 thousand).

BoD and corporate costs increased to €1,859 thousand from €1,659 thousand in 2020.

Consultancies increased by €1,818 thousand to €5,360 thousand. This increase is mostly due to the transaction costs related to the capital increase that did not take place as the parent's board of directors resolved not to exercise its proxy to increase share capital excluding rights of first option given to it by the shareholders in their extraordinary meeting of 26 March 2021.

Maintenance costs of €14,659 thousand (€15,157 thousand in 2020) show a modest decrease and include the ordinary and extraordinary maintenance costs of the in-scope operating plants.

Personnel expenses are broken down below:

(€'000)	2021	2020	Change
Wages and salaries	2,088	1,746	342
Social security contributions	653	554	99
Post-employment benefits	117	99	18
Other personnel expenses	82	93	(11)
Total personnel expenses	**2,940**	**2,492**	**448**

30.AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(€'000)	2021	2020	Change
Amortisation	10,891	11,352	(461)
Depreciation	30,075	30,290	(215)
Impairment losses/reversals of impairment losses	-	(990)	990
Total amortisation, depreciation and impairment losses/reversals of impairment losses	**40,966**	**40,652**	**314**

Amortisation and depreciation at €40,966 thousand are in line with the previous year and are entirely related to the depreciation of the operating plants.

Depreciation of right-of-use assets recognised in accordance with IFRS 16 (land and buildings) amounts to €1,413 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.

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.

31.FINANCIAL INCOME (EXPENSE)

Financial income and expense are broken down in the following table:

(€'000)	**2021**	**2020**	**Change**
Financial income:			
- bank interest	19	63	(44)
- fair value gains on derivatives	21	72	(51)
- financial income from third parties	368	60	308
- Exchange gains	84	-	84
Total financial income	**492**	**195**	**297**
Financial expense:			
- interest on bonds	(16,489)	(12,907)	(3,582)
- interest and financial expense	(6,062)	(15,595)	9,533
- other financial expense	(260)	(9)	(251)
Total financial expense	**(22,811)**	**(28,511)**	**5,700**
Net financial expense	**(22,319)**	**(28,316)**	**5,997**

Financial income

"**Fair value gains on derivatives**" shows the fair value gains of €368 thousand 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 assesses the effectiveness of its hedges.

Financial expense

Financial expense amounts to €22,811 thousand (€28,511 thousand in 2020) and includes **interest and financial expense** of €6,062 thousand, which mainly relate to interest accrued on the use of project financing, and **interest on bonds** of €16,489 thousand. The reduction is mostly due to: i) the release of the hedging reserve in 2020, due to the prepayment of project financing by Ordona and Callari (€4,800 thousand), ii) lower financial expense incurred in 2021 due to the prepayment of project financing by the above two companies, and iii) the early redemption of the 2018-2024 bonds for €150,000 thousand, repayment of the interest accrued up until the redemption date of €2,173 thousand and recognition of the transaction costs of €1,826 thousand of the redeemed bonds previously allocated as part of the estimated amortised cost over their original term and the breakage costs of €2,183 thousand.

Interest and financial expense includes lease interest expense of €871 thousand recognised in accordance with IFRS 16.

32.NET GAINS (LOSSES) ON EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS

Net losses on equity investments of €72 thousand (net gains of €84 thousand in 2020) mostly relate to the gains and losses on loans agreed with the non-controlling investors of companies that the group does not have full control over.

33.INCOME TAXES

Income taxes are broken down in the following table:

(€'000)	2021	2020	Change
Current taxes	(14,868)	(9,785)	(5,083)
Change in deferred tax assets due to the occurrence and reversal of temporary differences	(257)	21,554	(21,811)
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	(3,160)	7,558	(10,718)
Income taxes	**(18,285)**	**19,327**	**(37,612)**

Deferred taxes

A breakdown of deferred taxes is set out below:

€'000	Statement of financial position 31/12/2021	31/12/2020	Change	Profit or loss 2021	OCI and other changes 2021	Profit or loss 2020
Deferred tax liabilities						
Discounting of post-employment benefits	11	15	(4)	0	(4)	0
Non-taxable dividends and amortisation and depreciation	(3,895)	(2,965)	(930)	(930)	0	6
Initial application of IFRS 16 to finance leases	(2,884)	(1,926)	(958)	(958)	0	(845)
Intragroup eliminations	(144)	(126)	(18)	(18)	0	0
Business combination (IFRS 3)	(29,201)	(30,792)	1,591	1,721	(130)	9,323
Derivatives	(3,288)	302	(3,590)	(3,590)	0	225
Adjustments for compliance with group accounting policies	(3,253)	(3,157)	(96)	615	(711)	(101)
Total (A)	**(42,654)**	**(38,649)**	**(4,005)**	**(3,160)**	**(845)**	**8,608**
Deferred tax assets						
Accruals to provisions for risks, amortisation and depreciation	12,928	4,619	8,309	8,309	0	(380)
Derivatives	4,364	2,683	1,681	(1,049)	2,730	0
Consolidation adjustments to comply with the group's accounting policies	206	1,870	(1,664)	(1,677)	13	474
Non-deductible portion of net interest expense	7,700	13,492	(5,792)	(5,792)	0	718
Initial application of IFRS 16 to operating leases	234	163	71	71	0	94
Intragroup eliminations	1,053	1,270	(217)	(217)	0	(42)
Unused tax losses offsettable against future taxable profits	112	57	55	55	0	0
Other deductible temporary differences	19,694	19,651	43	43	0	19,640
Total (B)	**46,291**	**43,805**	**2,486**	**(257)**	**2,743**	**20,504**
Net deferred tax assets	**3,637**	**5,156**	**(1,519)**	**(3,417)**	**1,898**	**29,112**
Current taxes				**(14,868)**		**(9,785)**
Total income taxes				**(18,285)**		**19,327**

Deferred tax assets and liabilities

The increase in net deferred tax assets of €1,519 thousand has been recognised in equity (€1,898 thousand) and in profit or loss (€3,417 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, in 2020, the caption included deferred tax assets of €20,504 thousand, 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 plants) 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:

(€'000)	IRES		IRAP		TOTAL	
2021	Tax	**%**	Tax	**%**	Tax	**%**
Tax base	***68,504***		***90,895***			
Theoretical tax	**(16,441)**	**24.0%**	**(3,545)**	**3.9%**	**(19,986)**	**27.9%**
Permanent differences	3,990	(5.8%)	(213)	0.2%	3,777	(5.6%)
Temporary differences	887	(1.3%)	(17)	0.0%	870	(1.3%)
Use of carryfoward tax losses	332	(0.5%)			332	(0.5%)
ACE deduction	335	(0.5%)	-	0.0%	335	(0.5%)
Change in tax rate			(196)	0.2%	(196)	0.2%
Effective current tax	**(10,897)**	**15.9%**	**(3,971)**	**4.4%**	**(14,868)**	**20.3%**

	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%
Use of carryforward tax losses	0	0.0%			0	0.0%
ACE deduction	123	(1.0%)	0	0.0%	123	(1.0%)
Change in tax rate			306	(0.8%)	306	(0.8%)
Reducation as per Decree law 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%**

34. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owners 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)	2021	2020
Profit from continuing activities attributable to the holders of ordinary shares	50,219	31,568
Profit attributable to non-controlling interests	1,481	623
Profit attributable to the owners of the parent	48,738	30,945

Number of outstanding shares		
	2021	**2020**
Number of outstanding shares	54,229,403	51,209,773
Capital increase of 15 December 2020	0	3,019,630
Treasury shares at the reporting date	225,356	4,500
Weighted average of outstanding shares	**54,120,030**	**51,335,403**
Warrants servicing incentive plans	0	0
Total shares	**54,120,030**	**51,335,403**

Earnings per share		
(€)	2021	2020
Earnings per share	0.90	0.60

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

	2021		2020	
Revenue by geographical segment	**(€'000)**	**% of total**	**(€'000)**	**% of total**
Italy - Islands	93,721	62%	48,220	48%
Italy - Mainland	39,719	27%	43,962	44%
Spain	12,680	9%	6,170	6%
Bulgaria	2,432	2%	2,273	2%
Revenue	**148,552**	**100%**	**100,625**	**100%**

Operating segments: Statement of financial position

Statement of financial position

(€'000)	Operating business segment		Holding business segment		Consolidated figures	
	31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
NON-CURRENT ASSETS						
Intangible assets	201,266	198,100	0	0	201,266	198,100
Property, plant and equipment	483,072	455,109	7,451	528	490,523	455,637
Loans, equity investments and other non-current financial assets	65,010	50,501	3,812	3,883	68,822	54,384
Other non-current assets	32,987	42,231	14,251	2,449	47,238	44,680
TOTAL NON-CURRENT ASSETS	**782,335**	**745,941**	**25,514**	**6,860**	**807,849**	**752,801**
CURRENT ASSETS						
Loans, equity investments and other current financial assets	434	442	23	561	457	1,003
Other current assets	74,645	39,034	1,799	3,714	76,444	42,748
Cash and cash equivalents	71,507	59,831	52,145	87,875	123,652	147,706
TOTAL CURRENT ASSETS	**146,586**	**99,307**	**53,967**	**92,150**	**200,553**	**191,457**
TOTAL ASSETS	**928,921**	**845,248**	**79,481**	**99,010**	**1,008,402**	**944,258**
EQUITY	**221,512**	**186,820**	**10,111**	**20,181**	**231,623**	**207,001**
NON-CURRENT LIABILITIES						
Financial liabilities	146,494	179,713	410,533	361,622	557,027	541,335
Other non-current liabilities	70,031	72,538	43,604	2,658	113,635	75,196
TOTAL NON-CURRENT LIABILITIES	**216,525**	**252,251**	**454,137**	**364,280**	**670,662**	**616,531**
CURRENT LIABILITIES						
Financial liabilities	31,880	76,764	37,732	21,561	69,611	98,324
Other current liabilities	26,619	19,329	9,887	3,073	36,506	22,402
TOTAL CURRENT LIABILITIES	**58,499**	**96,093**	**47,619**	**24,634**	**106,117**	**120,726**
Intra-segment financing	432,385	310,084	(432,385)	(310,084)	0	0
TOTAL LIABILITIES	**707,409**	**658,428**	**69,371**	**78,830**	**776,779**	**737,257**
TOTAL EQUITY AND LIABILITIES	**928,921**	**845,248**	**79,481**	**99,010**	**1,008,402**	**944,258**

Operating segments: Statement of profit or loss

Statement of profit or loss	Operating business segment		Holding business segment		Consolidated figures	
(€'000)	2021	2020	2021	2021	2021	2020
Revenue	148,552	100,625	0	0	148,552	100,625
Other revenue and income	4,105	7,600	1,067	1,124	5,172	8,724
TOTAL REVENUE AND INCOME	**152,657**	**108,225**	**1,067**	**1,124**	**153,724**	**109,349**
Operating costs						
Personnel expenses	263	252	2,677	2,240	2,940	2,492
Other operating costs	26,124	25,368	6,759	4,514	32,883	29,882
Accruals to provisions for risks	103	142	65	323	168	465
Cost of intrasegment transactions	*4,421*	*2,903*	*(4,421)*	*(2,903)*	*0*	*0*
Operating costs	**30,911**	**28,665**	**5,080**	**4,174**	**35,991**	**32,839**
Share of profit of equity-accounted investees	**14,128**	**4,614**	**0**	**0**	**14,128**	**4,614**
Amortisation, depreciation and impairment losses	40,869	40,372	97	280	40,966	40,652
OPERATING PROFIT (LOSS)	**95,005**	**43,802**	**(4,110)**	**(3,330)**	**90,895**	**40,472**
Net financial expense	(4,224)	(14,472)	(18,095)	(13,844)	(22,319)	(28,316)
Financial income (expense) on intrasegment transactions	*(11,875)*	*(6,736)*	*11,875*	*6,736*	*0*	*0*
Net gains (losses) on equity investments and other financial assets	(68)	33	(4)	52	(72)	85
Net financial expense and net gains (losses) on equity investments	(16,167)	(21,175)	(6,224)	(7,056)	(22,391)	(28,231)
PROFIT (LOSS) BEFORE TAX	**78,838**	**22,627**	**(10,334)**	**(10,386)**	**68,504**	**12,241**
Income taxes					(18,285)	19,327
PROFIT FROM CONTINUING OPERATIONS					**50,219**	**31,568**
PROFIT FOR THE YEAR					**50,219**	**31,568**
Profit attributable to non-controlling interests					1,481	623
PROFIT ATTRIBUTABLE TO THE GROUP					**48,738**	**30,945**

Operating business segment:

Revenue from electricity production amounts to €148,552 thousand (€100,625 thousand in 2020) and comprises i) sales of electricity: €78,482 thousand (€37,236 thousand in 2020), and ii) feed-in tariff: €70,070 thousand (€63,389 thousand in 2020). The plants included in the consolidation scope produced 1,077 GWh of electricity, up 8.7% on 2020 (990 GWh). The increase is mainly due to the higher average sales prices for the year.

Operating profit amounts to €95,005 thousand (€43,802 thousand in 2020) after amortisation, depreciation and impairment losses of €40,869 thousand (€40,372 thousand in 2020).

Property, plant and equipment and **intangible assets** amount to €684,338 thousand. The €31,129 thousand increase on 31 December 2020, net of depreciation and amortisation for the year, is mostly due to the change in the consolidation scope after the acquisition of the SPEs in Romania.

Holding business segment:

At 31 December 2021, the holding business segment mainly comprises holding company advisory service activities, which are considered marginal compared to the electricity production business.

The increase in "Property, plant and equipment" is due to the incorporation of Fucini 4 S.r.l. by the parent on 13 July 2021.

On 20 October 2021, Fucini 4 S.r.l. purchased a building at Via Fucini 4, Milan, to be renovated and maintained.

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 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 al 31 December 2021, as have profits and losses arising from intragroup trading and financial transactions not yet 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 €406 thousand recognised as "Other revenue and income" (€251 thousand in 2020) and €141 thousand as "Net losses on equity investments".

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	-	395	-
New Green Molise S.r.l.	406	-	3,900	-
Bioenergia S.r.l.	21	-	41	-
Generai Srl	-	-	25	-
Parco Eolico Santa Croce del Sannio House S.r.l.	-	-	-	-
Andromeda Wind S.r.l.	-	-	-	-
FRI-EL Anzi Holding S.r.l.	-	-	-	-
FRI-EL Guardionara S.r.l.	-	-	-	-
Total equity-accounted investments	**547**	**-**	**4,361**	**-**
Related parties:				
FRI-EL Green Power Group	15,842	5,984	5,112	3,808
Wind Development Srl	-	72	-	1,828
Simest S.p.A.	-	423	-	10,164
Total related parties	**15,842**	**6,479**	**5,112**	**15,800**
Total	**16,389**	**6,479**	**9,473**	**15,800**

(€'000)	Equity-accounted investees								Related parties			
	New Green Molise S.r.l.	Ecoenergia Campania S.r.l.	Bioenergia S.r.l.	Generai Srl	Parco Eolico Santa Croce del Sannio House S.r.l.	Andromeda Wind S.r.l.	FRI-EL Anzi Holding S.r.l.	FRI-EL Guardionara S.r.l.	Gruppo FRI-EL Green Power	Wind Development Srl	Simest S.p.A.	Total
Trade receivables	88	1	26	-	-	-	-	-	5,112	-	-	**5,227**
total trade receivables	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*	*38,263*
percentage	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	13.4%	0.0%	0.0%	**13.7%**
Other assets	-	394	-	-	-	-	-	-	-	-	-	**394**
other current assets	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*	*35,192*
percentage	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**1.1%**
Current loans	-	-	-	-	-	-	-	-	-	-	-	**-**
total current loans	*457*	*457*	*457*	*457*	*457*	*457*	*457*	*457*	*457*	*457*	*457*	*457*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Non-current loans	3,812	-	15	25	-	-	-	-	-	-	-	**3,852**
total non-current loans	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*	*7,176*
percentage	53.1%	0.0%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**53.7%**
Non-current financial liabilities	-	-	-	-	-	-	-	-	-	-	9,951	**9,951**
total non-current financial liabilities	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*	*553,986*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	**1.8%**
Other non-current liabilities	-	-	-	-	-	-	-	-	-	1,620	-	**1,620**
total other non current liabilities	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*	*14,409*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.2%	0.0%	**11.2%**
Current financial liabilities	-	-	-	-	-	-	-	-	-	-	213	**213**
total current financial liabilities	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*	*52,709*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	**0.4%**
Trade payables	-	-	-	-	-	-	-	-	831	208	-	**1,039**
total trade payables	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*	*14,175*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	1.5%	0.0%	**7.3%**
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	**-**
total tax liabilities	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*	*8,670*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Other current liabilities	-	-	-	-	-	-	-	-	2,956	-	-	**2,956**
total other current liabilities	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*	*13,661*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.6%	0.0%	0.0%	**21.6%**
Provisions for future risks and charges	-	-	-	-	-	-	-	-	21	-	-	**21**
total provisions for future risks and charges	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*	*55,941*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Electricity sales	-	-	-	-	-	-	-	-	15,004	-	-	**15,004**
total electricity sales	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*	*78,482*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	19.1%	0.0%	0.0%	**19.1%**
Other revenue andd income	264	120	21	-	-	-	-	-	838	-	-	**1,243**
total other revenue and income	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*	*5,172*
percentage	5.1%	2.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	16.2%	0.0%	0.0%	**24.0%**
Other operating costs	-	-	-	-	-	-	-	-	5,984	72	-	**6,055**
total other operating costs	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*	*32,883*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.2%	0.2%	0.0%	**18.4%**
Net financial expense	-	-	-	-	-	-	-	-	-	-	423	**423**
net financial expense	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*	*-22,319*
percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.9%	**1.9%**
Net gains on equity investments	142	-	-	-	-	-	-	-	-	-	-	**142**
total net gains on equity investments	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*	*-72*
percentage	-197.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**-197.2%**

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 Italian 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 joint 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 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 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 in 2005 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 quotas on 24 May 1999. This confirms the fact that the parent and its subsidiary have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ATRADIUS at the date of the Registration Document) and, therefore, that there is no risk for either company.

joined defendants On 1 December 2014, the first instance judge ordered just SIC (ATRADIUS 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 Alerion.

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.

ATRADIUS has appealed to the Rome court of appeal, which acknowledged the fact that the judgement is pending for an amicable settlement of the dispute and postponed its discussion to the hearing of 3 November 2021.

The parties have not managed to reach an amicable settlement and, therefore, the judge has taken the case under advertisement setting the terms for the final statements.

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. On 23 September 2021, the court of cassation rejected the consortium’s appeal and ordered it to compensate the municipality in relation to the return of the payments on account received to carry out the part of the works performed by the consortium.

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 stakes.

This assessment was reflected in the 2017 financial statements (and those of subsequent years) 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 risk for the group is remote.

Dispute about commodities

The parent has filed a lawsuit aimed at declaring the nullity of certain commodity swaps and that it does not owe any amounts under such contracts and that the amounts already paid by it should be returned. It believes that the grounds for nullity should be accepted. However, and solely for prudent reasons, the provision for future risks and charges of €37.6 million includes the amount that the parent would be required to pay the swap counterparties should the validity of the swaps be confirmed, despite its claims.

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 buyout.

The Agrigento provincial tax court rejected WPS' 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.

As a result of the legislative measures issued to ease the economic hardship caused by the spread of Covid-19, payment of the instalments as per the rescheduling plans was deferred from 8 March 2020 until 31 August 2021. At 31 December 2021, the outstanding amount to be repaid totaled €0.7 million, unchanged from 31 December 2020.

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 the reporting date as other assets and considers them to be recoverable.

Tax dispute relating to IRES - deductibility of interest expense

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 buyout.

The Agrigento provincial tax court rejected WPS' 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. At the reporting date, all payments had been made regularly.

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.

Dispute relating to IRES – IRAP – depreciation

Some of the group companies have pending disputes with the tax authorities about the application of depreciation rates to the wind farms.

Specifically, the tax authorities notified Callari S.r.l., Minerva S.r.l., Ordona Energia s.r.l., Parco Eolico Licodia Eubea S.r.l. and Renergy San Marco S.r.l. 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 Callari S.r.l., 2016.

On the basis of the assessment of their 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 preparation of this report, 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.

Property tax dispute pre-Law no. 208/2015

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.

Property tax dispute post-Law no. 208/2015

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 preparation of this report.

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 €4.1 million.

During the year, some group companies were notified of an IMU assessment notice for higher assessed tax, fines and interest based on the property income recalculated by the tax authorities. The 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 Ordona 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.

Ordona Energia S.r.l. and Renergy San Marco S.r.l. challenged the notices and the underlying provincial regulation before the Puglia regional administrative 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 settled. With its ruling 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. At the date of preparation of this report, the expert's reports have been presented reporting a fee lower than that charged by the provincial authorities. Conciliation proposals were presented in the hearing held on 16 February 2022 adhering to the fees quantified by the expert. The judge has yet to hand down its ruling.

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.

Dispute related to the single property tax (CUP)

In May 2021, the Foggia provincial authorities approved a new regulation applying a single property tax (CUP) and contextually repealing the COSAP regulation starting from 1 January. This new regulation provides for the application of a standard fee which would decrease the fees for the use of occupied surface compared to the COSAP fee. However, it also introduces a safeguard clause that allows local bodies to regulate this fee in order to ensure that their income is not less than the fees regulated by the COSAP regulation. Ordona Energia S.r.l. and Renergy San Marco S.r.l. have challenged the regulation before the Puglia regional administrative court and a date for the hearing has yet to be set.

The companies accrued €0.2 million to the provision for risks (equal to the challenged fee for 2021).

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 €89,254 thousand are made up as follows:
  - environmental restoration obligations (€12,763 thousand);
  - participation in auctions (€7,022 thousand issued to GSE);
  - other obligations (€69,469 thousand).
- Pledge on the quotas of New Green Molise S.r.l., Fri-EL Albareto S.r.l., Green Energy Sardegna S.r.l., Eolica PM S.r.l., Fri-El Grottole S.r.l. and Alerion Teruel S.L. securing project financing and of Anemos Wind S.r.l. securing leases.
- 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 (€7,778 thousand).

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

The following table shows the 2021 fees for audit and non-audit services provided by the independent auditors and their network entities:

(€'000)		Service provider	2021 fees
Audit - parent		KPMG S.p.A.	83
Audit - subsidiaries		KPMG S.p.A.	243
Audit - equity-accounted investees		KPMG S.p.A.	27
Other services - subsidiaries	1	KPMG S.p.A.	522
Other services - unbundling		KPMG S.p.A.	21
Total			**896**

[1]: Checks of the calculation of the financial covenants provided for by the regulations of the parent's 2018-2024 bonds and 2019-2025 bonds. Consultancy services for the issue of the 2021-2027 green bonds and the capital increase.

Statement on the consolidated financial statements at 31 December 2021

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 chief executive officer, 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 2021:

- 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 issuer's and its consolidated companies' financial position, financial performance and cash flows;

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

Milan, 18 March 2022

Chief executive officer	**Manager in charge of financial reporting**
Josef Gostner	Stefano Francavilla

KPMG S.p.A.
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(The accompanying translated consolidated financial statements of the Alerion Clean Power Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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 2021, 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 2021 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
The consolidated financial statements at 31 December 2021 include intangible assets with a finite useful life of €201.3 million and property, plant and equipment of €490.5 million. The directors tested intangible assets with a finite useful life totalling €184.2 million and property, plant and equipment totalling €418.2 million for impairment by checking that their carrying amount did not exceed their recoverable amount. They did not test assets relating to the non-operating companies or companies acquired by the group during the year, since their carrying amounts had already been assessed upon their initial recognition during the year. Annually or more frequently, if necessary, the directors test intangible assets with a finite useful life and property, plant and equipment for impairment allocated to the different cash-generating units (CGUs) relating to operating companies, by comparing their carrying amount to their value in use, calculated using the discounted cash flow model. In line with a specific internal policy, the directors test intangible assets with a finite useful and property, plant and equipment for impairment even when they do not identify any impairment indicators. The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about:	Our audit procedures included: — understanding the process adopted to prepare the impairment test approved by the parent's board of directors and the key controls implemented by the group; — checking the accuracy of the CGUs' scope and of the allocation of the carrying amounts and assets and liabilities to the individual CGUs; — 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 financial figures, in order to check the accuracy of the estimation process; — 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

— 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, forecast electricity production and the evolution of the regulatory framework; — the financial parameters used to calculate the discount rate of the expected cash flows. 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.	main key assumptions used for impairment testing; — assessing the appropriateness of the disclosures provided in the notes about the recoverability of the carrying amount of intangible assets with an indefinite useful life and property, plant and equipment. We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.

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 on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

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 2021 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 2021 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 2021 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, 29 March 2022

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit

2021 Separate financial statements

STATEMENT OF FINANCIAL POSITION

Assets

(Euro)	Note	31.12.2021	including: related parties	31.12.2020	including: related parties
NON-CURRENT ASSETS					
Intangible assets:					
Intangible assets	**4**	-		748	
Property, plant and equipment	**5**	66,493		77,040	
Investments in subsidiaries	**6**	297,787,491		290,445,251	
Investments in joint ventures and associates	**7**	45,646,134		45,646,134	
Loans and other non-current financial assets	**8**	211,675,463	209,561,391	144,680,175	144,680,175
Deferred tax assets	**29**	9,589,647		1,260,917	
TOTAL NON-CURRENT ASSETS		**564,765,228**		**482,110,265**	
CURRENT ASSETS					
Trade receivables	**9**	4,561,547	4,561,547	7,269,794	7,269,794
Tax assets	**10**	43,582		2,610,420	
Other current assets	**11**	62,701,888	58,552,548	15,407,629	14,538,645
Loans and other current financial assets	**12**	27,623,074	27,600,000	16,457,843	15,900,999
Cash and cash equivalents	**13**	48,081,249		85,267,696	
TOTAL CURRENT ASSETS		**143,011,340**		**127,013,382**	
TOTAL ASSETS		**707,776,568**		**609,123,647**	

STATEMENT OF FINANCIAL POSITION

Liabilities and equity

(Euro)	Note	31.12.2021	including: related parties	31.12.2020	including: related parties
EQUITY	**14**	**218,661,774**		**225,920,027**	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	**15**	400,204,710		351,654,173	
Post-employment benefits and other employee benefits	**16**	549,326		534,998	
Deferred tax liabilities	**29**	492,006		98,342	
Provisions for future risks and charges	**17**	37,785,126		584,132	
TOTAL NON-CURRENT LIABILITIES		**439,031,168**		**352,871,645**	
CURRENT LIABILITIES					
Financial liabilities	**18**	22,606,867	1,001,180	17,662,816	947,933
Derivatives	**19**	15,760,186		2,893,307	
Trade payables	**20**	1,736,215	175,900	824,733	76,250
Tax liabilities	**21**	3,551,767		-	
Other current liabilities	**22**	6,428,591	4,862,441	8,951,119	7,228,732
TOTAL CURRENT LIABILITIES		**50,083,626**		**30,331,975**	
TOTAL LIABILITIES		**489,114,794**		**383,203,620**	
TOTAL EQUITY AND LIABILITIES		**707,776,568**		**609,123,647**	

STATEMENT OF PROFIT OR LOSS

(Euro)	Note	2021	including: related parties	2020	including: related parties
Net gains on equity investments	**24**	78,292,471	78,428,811	34,068,105	34,041,588
Other revenue and income	**25**	3,999,161	3,935,951	3,265,773	3,130,035
TOTAL REVENUE AND INCOME		**82,291,632**		**37,333,878**	
Operating costs					
Personnel expenses	**26**	2,032,068		1,853,865	
Other operating costs	**27**	7,236,089	201,505	3,055,083	120,499
Accruals to provisions for risks		65,168		13,267	
Total operating costs		**9,333,325**		**4,922,215**	
Amortisation, depreciation and impairment losses					
Amortisation and depreciation		13,072		12,803	
Total amortisation, depreciation and impairment losses		**13,072**		**12,803**	
OPERATING PROFIT		**72,945,235**		**32,398,860**	
Financial income		41,186		78,876	
Financial expense		(79,467,257)		(16,107,288)	
Net financial expense	**28**	**(79,426,071)**		**(16,028,412)**	
PROFIT (LOSS) BEFORE TAX		**(6,480,836)**		**16,370,448**	
Income taxes					
Current		9,550,445		1,771,969	
Deferred		7,938,931		651,815	
Total income taxes	**29**	**17,489,376**		**2,423,784**	
PROFIT FOR THE YEAR		**11,008,540**		**18,794,232**	

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	**2021**	**2020**
PROFIT FOR THE YEAR (A)	**11,008,540**	**18,794,232**
Net actuarial gains (losses) on defined benefit plans (IAS 19)	*13,853*	*(12,155)*
Related tax	*(3,865)*	*3,391*
Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss	**9,988**	**(8,764)**
Total post-tax other comprehensive income (expense) (B)	**9,988**	**(8,764)**
COMPREHENSIVE INCOME (A) + (B)	**11,018,528**	**18,785,468**

STATEMENT OF CASH FLOWS

(Euro)	Note	2021	including: related parties	2020	including: related parties
A. Cash flows from operating activities					
Profit for the year		11,008,540		18,794,232	
Amortisation, depreciation and impairment losses		13,072		12,803	
Financial income and expense	**28**	79,446,515		16,028,412	
Net gains on equity investments	**24**	(74,369,011)		(31,556,428)	
Increase (decrease) in post-employment benefits and provision for employee disputes	**16**	18,755		(109,373)	
Increase (decrease) in provisions for risks and charges	**17**	65,168		(25,240)	
Increase (decrease) in deferred tax liabilities		(7,931,201)		(651,816)	
(Increase) decrease in trade receivables and other assets:	**9 - 11**	(9,550,019)	(41,305,654)	(3,677,166)	(5,318,025)
Increase (decrease) in trade payables and other liabilities	**20 - 21 -22**	1,788,211	(2,266,641)	(612,980)	4,209,660
Taxes paid	**29**	-		(1,076,961)	
Total cash flows generated by (used in) operating activities		**490,030**		**(2,874,517)**	
B. Cash flows from investing activities					
(Investments) disposals of property, plant and equipment	**5**	-		(47,627)	
(Investments) disposals of equity investments	**6 - 7**	(369,240)	-	(90,604,558)	-
Total cash flows used in investing activities		**(369,240)**		**(90,652,185)**	
C. Cash flows from financing activities					
Increase (decrease) in bonds issued		44,984,799		-	
(Increase) decrease in loan assets	**8 - 12**	(81,710,992)	(76,633,464)	1,776,274	30,249,314
Dividends received		37,955,727		22,757,679	
Increase (decrease) in bank loans and borrowings	**15**	5,274,257		491,018	
Increase (decrease) in other loans and borrowings/loan assets	**15 - 18**	24,331		-	
Dividends distributed	**14**	(15,142,612)		(10,069,066)	
Repurchase of treasury shares	**14**	(3,118,868)		(1,799,670)	
Financial expense paid		(25,573,879)		(12,094,195)	
Total cash flows generated by (used in) financing activities		**(37,307,237)**		**1,062,040**	
D. Cash flows for the year (A+B+C)		**(37,186,447)**		**(92,464,662)**	
E. Opening cash and cash equivalents		**85,267,696**		**177,732,358**	
F. Closing cash and cash equivalents (D+E)		**48,081,249**		**85,267,696**	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY - 2021

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Income-related reserves	Profit for the year	**Equity**
1 January 2021	161,137,410	(27,697)	21,400,391	3,798,941	5,673,903	2,621,858	12,520,989	18,794,232	**225,920,027**
Allocation of previous year's profit	-	-	-	939,712	-	-	17,854,520	(18,794,232)	**-**
Profit for the year	-	-	-		-	-	-	11,008,540	**11,008,540**
Other comprehensive income	**-**	-	-	-	-	9,988	-	-	**9,988**
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,988**	**-**	**11,008,540**	**11,018,528**
Dividends approved and/or distributed	-	-	-	-	-	-	(15,157,913)	-	**(15,157,913)**
Repurchase of treasury shares	-	(3,118,868)	-	-	-	-	-	-	**(3,118,868)**
31 December 2021	**161,137,410**	**(3,146,565)**	**21,400,391**	**4,738,653**	**5,673,903**	**2,631,846**	**15,217,596**	**11,008,540**	**218,661,774**

(**) "Other reserves" includes the IFRS FTA reserve.

STATEMENT OF CHANGES IN EQUITY - 2020

(Euro)	Share capital	Treasury share reserve	Share premium	Legal reserve	Other equity-related reserves	Other reserves (**)	Income-related reserves	Profit for the year	**Equity**
1 January 2020	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	-	-	-	-	-	(8,763)	-	-	**(8,763)**
Comprehensive income	**-**	**-**	**-**	**-**	**-**	**(8,763)**	**-**	**18,794,232**	**18,785,469**
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	21,137,410	-	-	-	-	(174,335)	-	-	**20,963,075**
31 December 2020	**161,137,410**	**(27,697)**	**21,400,391**	**3,798,941**	**5,673,903**	**2,621,858**	**12,520,989**	**18,794,232**	**225,920,027**

(**) "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

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

On 18 March 2022, the company's directors approved the publication of its separate financial statements as at and for the year ended 31 December 2021.

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 on 31 December 2021. 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.

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 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.

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	*Rate*
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	*Rate*
Other assets	from 12% to 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 asset 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:

$$PD=1-e-spread60\%\cdot\mathrm{term}$$

- 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 present 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 is 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.

As the tax consolidator, the company extended the scope of the domestic tax consolidation scheme to its subsidiaries Fri-El Basento S.r.l., FW Holding S.r.l., Fri-El Grottole S.r.l., Fri-El Ricigliano S.r.l., Naonis Wind S.r.l. and Eolica PM S.r.l. in the 2021 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.

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 2021

Name	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Interest rate benchmark reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	August2020	1 January 2021	13 January 2021	(EU) 2021/25 14/01/2021
Covid-19 related rent concessions beyond 30 June 2021 (Amendment to IFRS 16)	March 2021	1 April 2021	30 August 2021	(EU) 2021/1421 31/08/2021
Extension of the temporary extension from applying IFRS 9 (Amendments to IFRS 4)	June 2020	1 January 2021	15 December 2020	(EU) 2020/2097 16/12/2020

Standards and amendments not yet applicable and not adopted early by the company

At the reporting date, the competent bodies of the European Union have completed the endorsement process for adoption of the following standards and amendments. The company has elected not to exercise the option for early application, when this is allowed.

Name	Issue date	Effective date	Endorsement date	EU Regulation and publication date
Annual improvements to IFRS (2018-2020 cycle) [Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41]	mag-20	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021
Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16) IAS 16)	mag-20	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021
Onerous contracts - Costs of fulfilling a contract (Amendments to IAS 37)	mag-20	1 January 2022	28/06/2021	(EU) 2021/1080 02/07/2021
Reference to the Conceptual Framework (Amendments to IFRS 3)	mag-20	1 January 2022	28/06/2021	(EU) 2021/1080 02-lug-21
IFRS 17 "Insurance contracts" (including amendments published in June 2020)	mag-17 giu-20	1 January 2023	19/11/2021	(EU) 2021/2036 23/11/2021

At the reporting date, the competent bodies of the European Union have not yet completed the endorsement process for the adoption of the amendments and standards described below.

Name	Issue date by the IASB	Effective date	Expected endorsement date by the EU
Standards			
IFRS 14 "Regulatory deferral accounts"	January 2014	1 January 2016	Endorsement process suspended while awaiting new standard on rate-regulated activities
Amendments			
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	September 2014	Deferred until completion of the IASB project	Endorsement process suspended until completion of the IASB project on equity method
Classification of liabilities as current or non-current (Amendments to IAS 1), including subsequent amendment issued in July 2020	January 2020 - July 2020	1 January 2023	TBD
Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2)	February 2021	1 January 2023	TBD
Definition of accounting estimates (Amendments to IAS 8)	February 2021	1 January 2023	TBD
Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)	May 2021	1 January 2023	TBD
Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)	December 2021	1 January 2023	TBD

The company will apply the standards and amendments at the application date and will assess their potential impact on the separate financial statements, when they have been endorsed by the European Union.

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:

(€'000)

A - Financial assets at 31 December 2021	Note	Recognised in profit or loss	HtC	Other
Current financial assets:				
Cash and cash equivalents	13	41		48,081
Loans and other current financial assets	12	928	27,623	
Trade receivables	9		4,562	
Non-current financial assets:				
Loans and other non-current financial assets	8	7,114	211,675	
Total A - Assets		**8,083**	**243,860**	**48,081**

(€'000)

B - Financial liabilities at 31 December 2021	**Note**	**Recognised in profit or loss**	**At amortised cost**	**Other**
Current financial liabilities:				
Accrued interest on bonds issued	18		(938)	
Lease liabilities	18		(23)	
Bank loans and borrowings	18	(469)	(20,645)	
Liabilities to subsidiaries and related parties	18	(53)	(1,001)	
Derivatives	19		(15,760)	
Trade payables	20		(1,736)	
Non-current financial liabilities:				
Bank loans and borrowings	15		(4,291)	
Lease liabilities	15		(13)	
Bonds issued	15	(15,760)	(395,901)	
Total B - Liabilities		**(16,282)**	**(440,308)**	**-**

(€'000)

A - Financial assets at 31 December 2020	Note	Recognised in profit or loss	HtC	Other
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	
Total A - Assets		**7,706**	**168,407**	**85,267**

(€'000)

B - Financial liabilities at 31 December 2020	**Note**	**Recognised in profit or loss**	**At amortised cost**	**Other**
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 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)	
Total B - Liabilities		**(13,257)**	**(373,040)**	**-**

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.

(€'000)	*Carrying amount*		*Fair value*	
B - Financial liabilities at 31 December 2021	**Current**	**Non-current**	**Cost**	**Discounted cash flows**
Bank loans and borrowings	(4,291)	(20,645)		
Bonds issued	(938)	(395,901)		
Derivatives	(15,760)	-		
Total B - Liabilities	**(20,989)**	**(416,546)**	**-**	**-**

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

(€'000)	*Carrying amount*		*Fair value*	
B - Financial liabilities at 31 December 2020	**Current**	**Non-current**	**Cost**	**Discounted cash flows**
Bank loans and borrowings	(1,593)	(5,908)		(7,783)
Accrued interest on bonds	(3,074)	(345,730)		(394,684)
Derivatives	(2,893)	-		(2,893)
Total B - Liabilities	**(7,560)**	**(351,638)**	**-**	**(405,360)**

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.

Reference should be made to the "Main risks and uncertainties" section of the **Directors' report** for information about other risks that could affect the Alerion Group companies.

1. 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.

2. 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. The company provides them with the liquidity necessary to allow the SPEs to develop and support their initiatives in the wind sector. 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:

(€'000)		Gross past-due amount					
31 December 2021	**Net trade receivables**	***within 4 months***	***from 5 to 8 months***	***from 9 to 12 months***	***more than one year***	**Total past due**	**Individual impairment losses**
Third parties	**218**	-	-	-	218	**218**	**(218)**
Subsidiaries	**4,562**	-	-	-	-	**-**	-
Total	**4,780**	**-**	**-**	**-**	**218**	**218**	**- 218**

(€'000)		Gross past-due amount					
31 December 2020	**Net trade receivables**	***within 4 months***	***from 5 to 8 months***	***from 9 to 12 months***	***more than one year***	**Total past due**	**Individual impairment losses**
Third parties	-	-	-	-	-	-	-
Subsidiaries	**7,269**	-	-	-	221	**221**	**(221)**
Total	**7,269**	**-**	**-**	**-**	**221**	**221**	**(221)**

3. 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 company is required to settle its financial liabilities before their natural maturity.

As a result of its bond issues, the company's debt repayments are nearly all long-term. Its short-term credit lines make up around 8% 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 separate 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.

Liquidity analysis - 2021

(€'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
Bonds issued	15-18	(396,839)		-	(10,750)	(10,750)	(10,750)	(210,750)	(4,500)	(204,500)	(452,000)
Liabilities to subsidiaries and related parties	18	(1,001)		(1,001)							(1,001)
Bank loans and borrowings	15-18	(24,936)	(18,900)	(865)	(865)	(1,730)	(1,165)	(882)	(882)	(661)	(25,950)
Derivatives	19	(15,760)		(15,760)							(15,760)
Trade payables	20	(1,736)		(1,736)							(1,736)
Total		**(440,272)**	**(18,900)**	**(19,362)**	**(11,615)**	**(12,480)**	**(11,915)**	**(211,632)**	**(5,382)**	**(205,161)**	**(496,447)**

Liquidity analysis - 2020

(€'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
Bonds issued	15-18	(348,804)	-	(5,625)	(6,250)	(11,875)	(11,875)	(161,875)	(206,250)	-	(403,750)
Liabilities to subsidiaries and related parties	18	(948)	-	(948)	-	-	-	-	-	-	(948)
Bank loans and borrowings	15-18	(19,534)	(12,033)	(861)	(861)	(1,722)	(1,722)	(1,162)	(882)	(661)	(19,904)
Derivatives	19	(2,893)	-	-	(2,893)	-	-	-	-	-	(2,893)
Trade payables	20	(825)	-	(825)	-	-	-	-	-	-	(825)
Total		**(373,004)**	**(12,033)**	**(8,259)**	**(10,004)**	**(13,597)**	**(13,597)**	**(163,037)**	**(207,132)**	**(661)**	**(428,320)**

4. 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 2021. 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 refixing date, multiplied by the residual principal of the year.

Sensitivity analysis - 2021	**2021 profit or loss**		**2020 profit or loss**	
(€'000)	**+100bp Euribor**	**-25bp Euribor**	**+100bp Euribor**	**-25bp Euribor**
Bonds issued	(4,000)	1,000	(3,500)	875
Liabilities to subsidiaries and related parties	(10)	3	9	(2)
Derivatives	-	-	-	-
Bank loans and borrowings	(249)	62	195	(49)
Loans to subsidiaries	2,393	(598)	1,611	(403)
Total	**(1,866)**	**467**	**(1,685)**	**421**

NON-CURRENT ASSETS

4. INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

They have been completely amortised at the reporting date (€1 thousand at 31 December 2020) and mostly comprise costs incurred to purchase software. The decrease mainly refers to amortisation (€1 thousand).

5. PROPERTY, PLANT AND EQUIPMENT

This caption of €66 thousand (€77 thousand at 31 December 2020) comprises telephone systems, furniture and office electronic equipment. The decrease is mostly due to i) the alignment of the carrying amount of assets recognised in accordance with IFRS 16 (€2 thousand), and ii) depreciation (€12 thousand).

6. INVESTMENTS IN SUBSIDIARIES

This caption amounts to €297,787 thousand compared to €290,445 thousand at 31 December 2020 and comprises:

(€'000)	31.12.2021			31.12.2020		
	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	5,200
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	9,982
Dotto S.r.l.	100%	10	7,724	100%	10	7,724
Alerion Spain S.L.	51%	100	1,058	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	166
Minerva S.r.l.	100%	14	10,079	100%	14	10,079
Ordona Energia S.r.l.	100%	435	7,965	100%	435	7,965
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	31,789
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	100%	100	70,000
Fri-El Nulvi Holding S.r.l.	90%	3,000	19,800	90%	3,000	19,800
Alerion Iberia S.L.	100%	50	50	100%	50	50
Naonis Wind S.r.l.	100%	20	2,411	100%	20	911
Enermac S.r.l.	100%	40	11,672	100%	40	8,850
Fucini 4 S.r.l. *	100%	10	2,010	0%	-	-
Alerion Clean Power RO S.r.l. *	100%	RON50,000	10	0%	-	-
Alerion Romania S.A. in liquidation	95%	RON100	-	95%	RON100	-
Alerion Bulgaria A.D.	92.5%	LEV50	-	92.5%	LEV50	-
Total investments in subsidiaries			**297,787**			**290,445**

* Incorporated in 2021

The increase in the caption is mostly due to i) waiver of the quotaholder loan of €2,822 thousand given to Enermac S.r.l., ii) waiver of the quotaholder loan of €1,500 thousand given to Naonis S.r.l., iii) waiver of the shareholder loan of €1,000 thousand given to Alerion Spain S.L., iv) the capital injection of €10 thousand to Fucini 4 S.r.l., v) waiver of the quotaholder loan of €2,000 thousand given to Fucini 4 S.r.l., and vi) subscription of share capital of RON50 thousand (€10 thousand) of Alerion Clean Power RO S.r.l..

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 below.

Alerion Servizi Tecnici e Sviluppo S.r.l.

Alerion Servizi Tecnici e Sviluppo S.r.l.	*(€'000)*
Registered office: Milan - Viale Majno 17	
Quota capital	100
Investment percentage	100%
2021 loss	(106)
Equity at 31 December 2021 (including the loss for the year)	5,277
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 2021, 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.
In 2021, the subsidiary acquired 50% of: i) Generai S.r.l. on 14 May 2021, ii) Bioenergia S.r.l. on 9 July 2021, and iii) Parco Eolico Santa Croce del Sannio House S.r.l. on 24 September 2021. These SPEs are engaged in the development and preparatory activities to design wind farms in the province of Foggia.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	10
Investment percentage	100%
2021 loss	(5)
Equity at 31 December 2021 (including the loss for the year)	(36)
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 €40 thousand to cover the subsidiary's accumulated losses.

Alerion Real Estate S.r.l. in liquidation

Alerion Real Estate S.r.l. in liquidation	*(€'000)*
Registered office: Milan - Viale Majno 17	
Quota capital	90
Investment percentage	100%
2021 profit	1
Equity at 31 December 2021 (including the profit for the year)	658
Carrying amount	**673**

During the year, this subsidiary continued with its winding up activities approved on 27 December 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)*
Registerd office: Bolzano - Piazza del Grano 3	
Quota capital	10
Investment percentage	100%
2021 profit	2,437
Equity at 31 December 2021 (including the profit for the year)	4,359
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 after which 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.
2021 electricity production was 43,535 MWh compared to 35,938 MWh in 2020.
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)*
Registered office: Cagliari, Via Santa Eulalia 1	
Quota capital	10
Investment percentage	100%
2021 profit	3,193
Equity at 31 December 2021 (including the profit for the year)	4,408
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 after which 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.
2021 electricity production was 69,472 MWh compared to 65,552 MWh in 2020.
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)*
Registered office: Bolzano - Piazza del Grano 3	
Quota capital	20
Investment percentage	100%
2021 profit	9,437
Equity at 31 December 2021 (including the profit for the year)	11,837
Carrying amount	**17,950**

Eolica PM S.r.l. owns a wind farm with installed capacity of 51.8 MW in the municipalities of Morcone and Pontelandolfo in Campania. Construction was completed on 1 August 2019 after which 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 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.
2021 electricity production was 146,735 MWh compared to 128,250 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	1,000
Investment percentage	100%
2021 profit	6,375
Equity at 31 December 2021 (including the profit for the year)	12,577
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. The subsidiary prepaid the entire outstanding balance of its project financing during the first quarter of 2021 (as anticipated in the 2020 annual report).
In 2021, it continued its business commenced in February 2009 of producing wind energy with an output of 55,539 MWh compared to 45,306 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	10
Investment percentage	100%
2021 profit	2,004
Equity at 31 December 2021 (including the profit for the year)	9,106
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 2021, it continued to produce wind energy with an output of 17,569 MWh compared to 14,980 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	750
Investment percentage	100%
2021 profit	433
Equity at 31 December 2021 (including the profit for the year)	853
Carrying amount	**3,418**

Eolo S.r.l. owns a wind farm with installed capacity of 8.5 MW in the municipality of Albanella (SA). In 2021, it continued to produce wind energy with an output of 9,641 MWh compared to 9,074 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	14
Investment percentage	100%
2021 profit	3,574
Equity at 31 December 2021 (including the profit for the year)	8,701
Carrying amount	**10,079**

Minerva S.r.l. owns a wind farm with installed capacity of 23 MW in the municipality of Castel di Lucio (ME). It started operations in June 2010.
In 2021, it continued its business of producing wind energy with an output of 36,953 MWh compared to 29,759 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	435
Investment percentage	100%
2021 profit	5,054
Equity at 31 December 2021 (including the profit for the year)	13,405
Carrying amount	**7,965**

Ordona Energia S.r.l. owns a wind farm with installed capacity of 34 MW in the municipality of Ordona (FG). It started operations in May 2009.
In 2021, the subsidiary continued its business of producing electricity from wind energy with an output of 60,215 MWh compared to 57,706 MWh in 2020.
It 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. The subsidiary prepaid the entire outstanding balance of its project financing during the first quarter of 2021 (as anticipated in the 2020 annual report).
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	100
Investment percentage	80%
2021 profit	2,437
Equity at 31 December 2021 (including the profit for the year)	6,801
Carrying amount	**5,508**

Parco Eolico Licodia Eubea S.r.l. owns a wind farm, which became operational in September 2010, with installed capacity of 22 MW in the municipality of Licodia Eubea (CT). The other quotaholder Nova Energia S.r.l. has a 20% interest.
In 2021, it continued its business of producing wind energy with an output of 29,572 MWh compared to 27,808 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	108
Investment percentage	100%
2021 profit	6,431
Equity at 31 December 2021 (including the profit for the year)	23,104
Carrying amount	**18,690**

Renergy San Marco S.r.l. owns a wind farm, which became operational in July 2009, with installed capacity of 44.2 MW in the municipality of San Marco in Lamis (FG).
In 2021, it continued its business of producing wind energy with an output of 62,680 MWh compared to 61,969 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	10
Investment percentage	100%
2021 profit	1,641
Equity at 31 December 2021 (including the profit for the year)	31,735
Carrying amount	**31,789**

Wind Power Sud S.r.l. owns a wind farm with installed capacity of 33.2 MW in the municipalities of Agrigento and Naro (AG).
In 2021, the subsidiary continued its business of producing electricity from wind energy with an output of 48,758 MWh compared to 47,003 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	10
Investment percentage	100%
2021 loss	11,517
Equity at 31 December 2021 (including the loss for the year)	30,376
Carrying amount	**59,719**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	34,089

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)*
Registered office: Milan - Viale Majno 17	
Quota capital	50
Investment percentage	100%
2021 profit	5,258
Equity at 31 December 2021 (including the profit for the year)	16,725
Carrying amount	**3,500**

Anemos Wind S.r.l. owns a wind farm with installed capacity of 50 MW in Regalbuto (EN).
2021 electricity production was 59,745 MWh compared to 50,299 MWh in 2020.
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)*
Registered office: Milan - Viale Majno 17	
Quota capital	10
Investment percentage	100%
2021 loss	(13)
Equity at 31 December 2021 (including the loss for the year)	40
Carrying amount	**166**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	4,894

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)*
Registered office: Barcelona, Calle Anglì 31 - Spain	
Share capital	100
Investment percentage	51%
2021 loss	(768)
Equity at 31 December 2021 (including the loss for the year)	154
Carrying amount	**1,058**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	11,417

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)*
Registered office: Piazza del grano, 3 - 39100 Bolzano	
Quota capital	100
Investment percentage	100%
2021 profit	15,567
Equity at 31 December 2021 (including the profit for the year)	29,258
Carrying amount	**70,000**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	66,471

On 27 February 2020, the company approved the acquisition of 100% of FW Holding S.r.l., which has investments in Fri-El Ricigliano S.r.l. (owner of an operating wind farm in the municipality of Ricigliano with installed capacity of 36 MW) and Fri-El Basento S.r.l. (which in turn controls Fri-El Grottole S.r.l., owner of an operating wind farm in the municipality of Grottole (MT) with installed capacity of 54 MW). 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)*
Registered office: Piazza del grano, 3 - 39100 Bolzano	
Quota capital	3,000
Investment percentage	90%
2021 profit	5,968
Equity at 31 December 2021 (including the profit for the year)	13,130
Carrying amount	**19,800**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	13,202

On 27 February 2020, the company approved the acquisition of 90% of Fri-El Nulvi Holding S.r.l. ("Nulvi"), which has an investment in Fri-El Anglona S.r.l. 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., paying €19,800 thousand.

Alerion Iberia S.L.

Alerion Iberia S.L.	(€'000)
Registered office: Calle Angli, 31 - 08017 Barcelona, Spain	
Share capital	50
Investment percentage	100%
2021 loss	(34)
Equity at 31 December 2021 (including the loss for the year)	13
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)
Registered office: Milan - Viale Majno 17	
Quota capital	20
Investment percentage	100%
2021 profit	34
Equity at 31 December 2021 (including the profit for the year)	2,448
Carrying amount	**2,411**

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 2022 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)*
Registered office: Milan - Viale Majno 17	
Quota capital	40
Investment percentage	100%
2021 loss	(216)
Equity at 31 December 2021 (including the loss for the year)	2,486
Carrying amount	**11,672**

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 operational by the end of 2022.

Alerion Romania S.A. in liquidation

Alerion Romania S.A. in liquidation	*(€'000)*
Registered office: Oradea, Cetatii square n.1, Bihor County, Romania	
Share capital	RON100
Investment percentage	95%
2021 profit (loss)	-
Deficit at 31 December 2021	(1,623)
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 2021, 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 S.A.

Alerion Bulgaria OOD S.A.	*(€'000)*
Registered office: Sofia - 6th Septemvri str., 6A, Bulgaria	
Share capital	LEV50
Investment percentage	92.50%
2021 profit (loss)	(21)
Deficit at 31 December 2021 (including the loss for the year)	(87)
Carrying amount	**-**

Alerion Bulgaria OOD S.A. is a Bulgarian company 92.5% 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.

Alerion Clean Power RO S.r.l.

Alerion Clean Power RO S.r.l.	*(€'000)*
Registered office: Bucuresti Sectorul 2, Calea Floreasca nr. 175, partea B, Etaj 3	
Share capital	RON50
Investment percentage	100.00%
2021 profit (loss)	(592)
Deficit at 31 December 2021 (including the loss for the year)	(582)
Carrying amount	**10**
Equity/deficit of the subsidiaries at 31 December 2021 (including the loss for the year)	(675)

Alerion Clean Power RO S.r.l. was incorporated on 25 May 2021 by the company. It is a holding company of the investments in the Romanian group companies and also promotes wind and photovoltaic projects in Romania.

Fucini 4 S.r.l.

Fucini 4 S.r.l.	*(€'000)*
Registered office: Milan - Viale Majno 17	
Quota capital	10,000
Investment percentage	100.00%
2021 loss	(86)
Equity at 31 December 2021 (including the loss for the year)	1,924
Carrying amount	**2,010**

Fucini 4 S.r.l. is an Italian company set up on 13 July 2021 by the company to purchase, restructure and maintain a building. At the date of preparation of this report, it has purchased the building at Via Fucini 4, Milan.

Impairment test

As required by IAS 36, the company's board of directors approved the performance of an impairment test in its meeting of 18 March 2022. 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. As provided for by its internal policy, the company tests the investments in subsidiaries, joint ventures and associates for impairment even when indicators of impairment do not exist.

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 equity investments acquired or investees set up by the company during the year, which are recognised at their acquisition-date fair value. In 2021, the company set up Alerion Clean Power RO S.r.l. and Fucini 4 S.r.l..

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, it 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 life, net of debt existing at the measurement date. Given the particular type of business, which involves investments with returns in 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 29 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 4.50% in Italy (4.52% at 31 December 2020), 4.14% in Spain (4.22% at 31 December 2020) and 4.32% in Bulgaria, 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.

Plant	Investments in subsidiaries	Carrying amount after impairment test
Albanella	Eolo S.r.l.	3,418
Ciorlano	Dotto S.r.l.	7,724
Monte Petrasi	Wps S.r.l.	31,789
Callari	Callari S.r.l.	9,982
Ordona	Ordona S.r.l.	7,965
Castel di Lucio	Minerva S.r.l.	10,079
Licodia Eubea	P. E. Licodia S.r.l.	5,508
Renergy San Marco	Renergy San Marco S.r.l.	18,690
Eolica PM	Eolica PM S.r.l.	17,950
Regalbuto	Anemos Wind S.r.l.	3,500
Campidano	Friel Ichnusa S.r.l.	59,719
Green Energy Sardegna	Green Energy Sardegna S.r.l.	7,700
Albareto	Fri-El Albareto S.r.l.	5,200
Nulvi-Tergu	Fri-El Nulvi Holding S.r.l.	19,800
Ricigliano - Grottole	FW Holding S.r.l.	70,000
Comiolica	Alerion Spain S.L.	1,058
Krupen	Krupen Wind S.r.l.	166
Total		**280,248**

Plant	Investments in joint ventures	Carrying amount after impairment test
Lacedonia	Ecoenergia S.r.l.	2,406
San Martino in Pensilis	New Green Molise S.r.l.	14,240
San Basilio	Fri-El Guardionara S.r.l.	9,500
Ururi	Andromeda Wind S.r.l.	11,500
Anzi	Fri-El Anzi Holding S.r.l.	8,000
Total		**45,646**

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 not change and therefore would not need to be impaired;

- in the event of an 0.5 percentage point increase in the discount rate, the carrying amount of the assets would not change and therefore would not need to be impaired.

The directors carefully monitor any changes in the above external variables that the company cannot control in order to adjust estimates of the recoverability of the carrying amounts of these assets.

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 are 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 (€45,646 thousand at 31 December 2020) as follows:

(€'000)	**31.12.2021**			**31.12.2020**		
	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	50%	10	14,240
Ecoenergia Campania S.r.l.	50%	100	2,406	50%	100	2,406
Andromeda Wind S.r.l.	49%	465	11,500	49%	465	11,500
FRI-EL Anzi Holding S.r.l.	49%	10	8,000	49%	10	8,000
FRI-EL Guardionara S.r.l.	49%	10	9,500	49%	10	9,500
Total investments in joint ventures and associates			**45,646**			**45,646**

The company tested the investments in the joint ventures New Green Molise S.r.l., Ecoenergia Campania S.r.l., Fri-El Anzi Holding S.r.l. Fri-El Guardionara S.r.l. and Andromeda Wind 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)*
Registered office: Napoli - Via Diocleziano, 107	
Quota capital	10
Investment percentage	50%
2021 profit	11,635
Equity at 31 December 2021 (including the profit for the year)	41,593
Portion attributable to the company	20,797
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 €93.4 million 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 Meliorbanca S.p.A.), UBI S.c.p.A. (formerly Centrobanca Banca di Credito Finanziario e Mobiliare S.p.A.) in 2010. It prepaid €9.3 million of this loan in 2013.
In 2021, the associate continued its business of producing electricity from wind energy with an output of 107,229 MWh compared to 100,595 MWh in 2020.
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)*
Registered office: Cervinara, Via Cardito 14	
Quota capital	100
Investment percentage	50%
2021 profit	2,914
Equity at 31 December 2021 (including the profit for the year)	6,800
Portion attributable to the company	3,400
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 2021, it continued its business of producing electricity from wind energy with an output of 25,158 MWh compared to 20,786 MWh in 2020.
At year end, Alerion's investment in this associate has a carrying amount of €2,406 thousand.

Andromeda Wind S.r.l.

Andromeda Wind S.r.l. owns a wind farm, which became operational in January 2011, with installed capacity of 26 MW in the municipality of Ururi (CB). In 2021, it continued its business of producing electricity from wind energy with an output of 50,324 MWh.
The cost to acquire the investment therein was €11,500 thousand.

Andromeda Wind S.r.l.	*(€'000)*
Registered office: Piazza del grano, 3 - 39100 Bolzano	
Quota capital	465
Investment percentage	49%
2021 profit	5,889
Equity at 31 December 2021 (including the profit for the year)	15,040
Portion attributable to the company	7,370
Carrying amount	**11,500**

Fri-El Anzi Holding S.r.l.

Fri-ElL Anzi Holding S.r.l.	*(€'000)*
Registered office: Piazza del grano, 3 - 39100 Bolzano	
Quota capital	10
Investment percentage	49%
2021 profit	1,300
Equity at 31 December 2021 (including the profit for the year)	6,941
Portion attributable to the company	3,401
Carrying amount	**8,000**
Equity of the subsidiaries at 31 December 2021 (including the profit for the year)	10,853

Fri-El Anzi Holding S.r.l. which controls Fri-El Anzi S.r.l., owner of 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)*
Rgistered office: Piazza del grano, 3 - 39100 Bolzano	
Quota capital	10
Investment percentage	49%
2021 profit	4,233
Equity at 31 December 2021 (including the profit for the year)	13,000
Portion attributable to the company	6,370
Carrying amount	**9,500**

Fri-El Guardionara S.r.l. owns a wind farm, which became operational in June 2010, with installed capacity of 24.7 MW in the municipalities of San Basilio and Siurgus Donigal (CA). In 2021, it continued its business of producing electricity from wind energy with an output of 41,313 MWh.

8. LOANS AND OTHER NON-CURRENT FINANCIAL ASSETS

This caption amounts to €211,675 thousand (€144,680 thousand at 31 December 2020) and comprises loans given to: i) Callari S.r.l. (€17,533 thousand), ii) Naonis Wind S.r.l. (€3,605 thousand), iii) Dotto S.r.l. (€1,932 thousand), iv) Eolica PM S.r.l. (€9,050 thousand), v) Fri-El Albareto S.r.l. (€7,510 thousand), vi) Green Energy Sardegna S.r.l. (€7,155 thousand), vii) Krupen Wind S.r.l. (€2,368 thousand), vii) Minerva S.r.l. (€13,857 thousand), ix) Ordona Energia S.r.l. (€22,098 thousand), x) Parco Eolico Licodia Eubea S.r.l. (€12,530 thousand), xi) Renergy San Marco S.r.l. (€15,932 thousand), xii) Wind Power Sud S.r.l. (€1,026 thousand), xiii) Alerion Spain S.L. (€12,583 thousand), xiv) Wind Energy EOOD (€549 thousand), xv) Wind Power 2 EOOD (€586 thousand), xvi) Wind Stream EOOD (€634 thousand, xvii) Wind System EOOD (€630 thousand), xviii) Fri-El Ichnusa S.r.l. (€3,506 thousand), xix) New Green Molise S.r.l. (€3,812 thousand), xx) Eolo S.r.l. (€158 thousand), xxi) Enermac S.r.l. (€36,480 thousand), xxii) Alerion Servizi Tecnici e Sviluppo S.r.l. (€3,570 thousand), xxiii) Alerion Clean Power RO S.r.l. (€31,850 thousand); xxiv) Fucini 4 S.r.l. (€608 thousand), and xxv) Vulturu (€2,337 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 €4,562 thousand (€7,270 thousand at 31 December 2020) and comprise:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Subsidiaries	4,562	7,270	(2,708)
Other companies	-	-	-
Total trade receivables	**4,562**	**7,270**	**(2,708)**

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 €218 thousand (€220 thousand at 31 December 2020).

Trade receivables do not bear interest and are generally due within 30-45 days.

10. TAX ASSETS

Tax assets amount to €44 thousand (€2,610 thousand at 31 December 2020) and comprise:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
IRES	-	2,566	(2,566)
IRAP	44	44	-
Total tax assets	**44**	**2,610**	**(2,566)**

11. OTHER CURRENT ASSETS

Other current assets amount to €62,702 thousand (€15,407 thousand at 31 December 2020) and comprise:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Tax assets	460	156	304
Other assets with subsidiaries and related parties	58,521	14,522	43,999
Other assets	3,721	729	2,992
Total other current assets	**62,702**	**15,407**	**47,295**

Tax assets mostly comprise VAT.

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

Loans amount to €27,623 thousand (€16,458 thousand at 31 December 2020) and mainly comprise the current portion of the intragroup loans given to: i) Renergy San Marco S.r.l. (€4,100 thousand), ii) Minerva S.r.l. (€5,400 thousand), iii) Parco Eolico Licodia Eubia S.r.l. (€6,000 thousand); iv) Dotto S.r.l. (€1,300 thousand), v) Wind Power Sud S.r.l. (€1,900 thousand), vi) Fucini 4 S.r.l. (€3,500 thousand), vii) Ordona Energia S.r.l. (€3,000 thousand), viii) Callari S.r.l. (€1,500 thousand), ix) Fri-El Ichnusa S.r.l. (€406 thousand), and x) Alerion Spain S.L. (€400 thousand).

13. CASH AND CASH EQUIVALENTS

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Demand deposits	48,076	85,263	(37,187)
Cash and cash equivalents on hand	5	5	-
Total cash and cash equivalents	**48,081**	**85,268**	**(37,187)**

The caption comprises the company’s cash and cash equivalents at the reporting date.

14. EQUITY

Equity amounts to €218,662 thousand compared to €225,920 thousand at 31 December 2020. Changes during the year mainly relate to:

- the profit for the year of €11,009 thousand;
- net actuarial losses on defined benefit plans (IAS 19) of €10 thousand, recognised in OCI;
- the repurchase of treasury shares of €3,119 thousand;
- the partial distribution of available reserves for €15,158 thousand. At their meeting of 26 April 2021, the company’s shareholders approved the proposed distribution of a dividend from available reserves of €0.28 per outstanding ordinary share (net of treasury shares), net or gross of tax, depending on the applicable tax regime, with payment as of 5 June 2021 and detachment date of coupon 10 on 3 May 2021. The company distributed the dividend in compliance with the terms established by the shareholders.

Equity captions are commented on below:

- The parent’s share capital of €161,137 thousand (no change when compared to 31 December 2020) is made up of 54,229,403 ordinary shares.
- 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 2021).
- The treasury share reserve amounts to €3,147 thousand (€28 thousand at 31 December 2020) and shows the price paid to repurchase 220,856 treasury shares. It increased by €3,119 thousand during the year.
- The share premium amounts to €21,400 thousand, unchanged from 31 December 2020, 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 €4,739 thousand at the reporting date due to the allocation of part of the 2020 profit thereto.
- The other reserves of €2,632 thousand include the effects of IFRS FTA. They show a €10 thousand increase compared to 31 December 2020 due to the net actuarial losses on defined benefit plans (IAS 19) recognised in other comprehensive income.
- The income-related reserves amount to €15,218 thousand (€12,521 thousand at 31 December 2020) and include retained earnings.

The reconciliation between equity at 31 December 2021 and 2020 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	4,739	B		-	-
Other distributable reserves	1,008	A, B, C	1,008		
Other non-distributable reserves	1,624	B			
Treasury share reserve	(3,147)				
Reserve for unrealised gains	-				
Retained earnings	15,218	A, B, C	15,218	-	-
Total	**207,653**		**37,626**	**-**	**-**

(*) 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 €400,205 thousand (€351,654 thousand at 31 December 2020) and mostly comprise **bonds issued** (the 2019-2025 green bonds and the 2021-2027 green bonds issued on 3 November 2021 for €200 million) net of the transaction costs. Interest accrued on the bonds amounts to €938 thousand at the reporting date and is classified under current financial liabilities.

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Bank loans and borrowings	4,291	5,908	(1,617)
Lease liabilities	13	16	(3)
Bonds issued	395,901	345,730	50,171
Total non-current financial liabilities	**400,205**	**351,654**	**48,551**

Bonds issued include:

- the 2018-2024 bonds issued 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%. As disclosed earlier, the company redeemed these bonds in advance on 17 November 2021 for the entire amount, plus interest and breakage costs. Specifically, it recognised interest of €4,947 thousand, breakage costs of €2,812 thousand and released transaction costs incurred at the issue date of €1,509 thousand to profit or loss;
- the 2019-2025 green bonds of €198,013 thousand issued on 19 December 2019 after approval by the board of directors on 25 September 2019. They amount to €200 million, have a six-year maturity and bear a minimum gross nominal interest rate of 3.125%;
- the 2021-2027 green bonds of €197,888 thousand issued on 3 November 2021 after approval by the board of directors on 8 October 2021. They amount to €200 million, have a six-year maturity and bear a minimum gross nominal interest rate of 2.25%.

16. POST-EMPLOYMENT BENEFITS AND OTHER EMPLOYEE BENEFITS

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
TFR	549	535	14
Total post-employment benefits and other employee benefits	**549**	**535**	**14**

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:

Actuarial and financial assumptions used to apply IAS 19	
Calculation date	31/12/2021
Mortality rate	IPS55 tables
Disability rate	INPS-2000 tables
Turnover rate	2.00%
*Discount rate**	0.98%
Salary increase rate	1.00%
Advance payment rate	1.00%
Inflation rate	1.00%

**Prices at 31 December 2021 of the benchmark index iBoxx Coroprate EUR with a 10+ duration and an AA rating*

The company has 24 employees at the reporting date, broken down as follows:

	31.12.2020	Increases	Decreases	31.12.2021	Average
Managers	2	0	0	2	2.0
Junior managers and white collars	21	6	(4)	23	22.0
Blue collars	0	0	0	0	0.0
Total employees	**23**	**6**	**(4)**	**25**	**24.0**

17. PROVISIONS FOR FUTURE RISKS AND CHARGES

Provisions for future risks and charges amount to €37,785 thousand (€584 thousand at 31 December 2020) as follows:

(€'000)	31.12.2020	Accruals	Releases/ utilisations	Other	31.12.2021
Provision for legal disputes	40	37,705	-	-	37,745
Provision for investee losses	35	-	5	-	40
Other provisions	509		-	(509)	-
Total provisions for future risks and charges	**584**	**37,705**	**5**	**(509)**	**37,785**

Other provisions, which amounted to €509 thousand at 31 December 2020 and included accruals made in previous years for loans, the recovery of which is doubtful, have been reclassified as a direct reduction in the loans. The **provision for investee losses** of €40 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** shows an increase of €37,655 thousand for a dispute to have the nullity of commodity swaps declared (see the "Legal disputes" section).

CURRENT LIABILITIES

18. CURRENT FINANCIAL LIABILITIES

Current financial liabilities amount to €22,607 thousand (€17,663 thousand at 31 December 2020) as follows:

(€'000)	31.12.2021	31.12.2020	Change
Bank loans and borrowings	20,645	13,626	7,019
Loans from subsidiaries and related parties	1,001	948	53
Lease liabilities	23	15	8
Accrued interest on bonds	938	3,074	(2,136)
Total current financial liabilities	**22,607**	**17,663**	**4,944**

Bank loans and borrowings amount to €20,645 thousand at 31 December 2021 and include short-term credit lines from major banks that bear an effective average rate of 0.94%.

Accrued interest on bonds of €938 thousand comprise the unpaid nominal interest accrued during the year on the two bond issues (2021-2027 and 2019-2025) (see the note to "Non-current financial liabilities").

19. DERIVATIVES

Derivatives amount to €15,760 thousand (€2,893 thousand at 31 December 2020):

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Derivatives	15,760	2,893	12,867
Total derivatives	**15,760**	**2,893**	**12,867**

As already disclosed in the section on financial risks, starting from 2020, the group 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 105 MW to be swapped in the period from 1 January to 31 December 2022 and a set price of an average €175 over one year (again 1 January to 31 December 2022).

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 €1,736 thousand (€824 thousand at 31 December 2020) and comprise:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Third parties	1,560	748	812
FGP Group	31	15	16
Subsidiaries	145	61	84
Total trade payables	**1,736**	**824**	**912**

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

Tax liabilities amount to €3,552 thousand at the reporting date (none at 31 December 2020) and entirely relate to IRES:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
IRES	3,552	-	3,552
Total tax liabilities	**3,552**	**-**	**3,552**

22. OTHER CURRENT LIABILITIES

Other current liabilities amount to €6,429 thousand (€8,951 thousand at 31 December 2020) and comprise:

(€'000)	**31.12.2021**	**31.12.2020**	**Change**
Deferred remuneration and fees	884	1,005	(121)
Taxes	254	240	14
Social security charges payable	189	194	(5)
Liabilities for the acquisition of equity investments	182	182	-
Sundry liabilities to subsidiaries and related parties	4,862	7,229	(2,367)
Other sundry liabilities	58	101	(43)
Total other current liabilities	**6,429**	**8,951**	**(2,522)**

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. FINANCIAL DEBT FOR REPORTING PURPOSES OF CONTINUING OPERATIONS

Financial debt for reporting purposes amounts to €151,192 thousand compared to €125,455 thousand at 31 December 2020). It may be analysed as follows:

FINANCIAL DEBT FOR REPORTING PURPOSES

(€'000)	Note	31.12.2021	31.12.2020
Cash and cash equivalents			
Cash equivalents	13	48,081,249	85,267,696
Total cash and cash equivalents		**48,081,249**	**85,267,696**
Current financial assets			
Loans to subsidiaries, associates and joint ventures		27,600,000	15,901,000
Other financial assets		23,074	556,843
Total current financial assets	12	**27,623,074**	**16,457,843**
Cash and cash equivalents		**75,704,323**	**101,725,539**
Current financial liabilities			
Bank loans and borrowings		(19,018,337)	(12,032,549)
Liabilities to subsidiaries		(1,001,181)	(947,934)
Derivatives		(15,760,186)	(2,893,307)
Current lease liabilities		(23,307)	(15,272)
Total current financial liabilities	18	**(35,803,011)**	**(15,889,062)**
Current portion of non-current financial liabilities			
Bonds issued		(937,671)	(3,073,630)
Current portion of non-current bank loans and borrowings		(1,626,371)	(1,593,431)
Total current portion of non-current financial liabilities		**(2,564,042)**	**(4,667,061)**
CURRENT FINANCIAL DEBT		**(38,367,053)**	**(20,556,123)**
NET CURRENT FINANCIAL POSITION		**37,337,270**	**81,169,416**
Non-current financial liabilities			
Bank loans and borrowings		(4,290,894)	(5,908,317)
Bonds issued		(395,900,700)	(345,730,173)
Lease liabilities		(13,116)	(15,683)
Total non-current financial liabilities	15	**(400,204,710)**	**(351,654,173)**
NON-CURRENT FINANCIAL DEBT		**(400,204,710)**	**(351,654,173)**
NET FINANCIAL DEBT*		**(362,867,440)**	**(270,484,757)**
Loans and other non-current financial assets	8	**211,675,463**	**144,680,175**
FINANCIAL DEBT FOR REPORTING PURPOSES		**(151,191,977)**	**(125,804,582)**

* Financial debt calculated as per the ESMA32-382-1138 Guidelines

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 €78,292 thousand (€34,068 thousand in 2020) as follows:

(€'000)	2021	2020	Change
Dividends from investees	70,440	26,415	44,025
Net financial income from subsidiaries	7,989	7,627	362
Impairment losses on equity investments	(34)	(42)	8
Reversals of impairment losses	-	71	(71)
Other financial expense	(103)	(3)	(100)
Net gains from equity investments	**78,292**	**34,068**	**44,224**

Dividends from investees amount to €70,440 thousand and were received from the following subsidiaries: i) Fri-El Ichnusa S.r.l. (€6,100 thousand), ii) Green Energy Sardegna S.r.l. (€259 thousand), iii) Renergy San Marco S.r.l. (€6,652 thousand), iv) Ordona Energia S.r.l. (€430 thousand), v) Eolica PM S.r.l. (€729 thousand; vi) Ecoenergia Campania S.r.l. (€1,984 thousand), vii) Dotto S.r.l. (€84 thousand), viii) Callari S.r.l. (€650 thousand), ix) FW Holding S.r.l. (€35,705 thousand), x) Minerva S.r.l. (€265 thousand), xi) per Alerion Servizi Tecnici e Sviluppo S.r.l. (€1,800 thousand), xii) Fri-El Nulvi Holding S.r.l. (€12,891 thousand), xiii) Wind Power Sud S.r.l. (€440 thousand), xiv) Fri-El Anzi Holding S.r.l. (€686 thousand), xv) Fri-El Andromeda S.r.l. (€735 thousand), and xvi) Fri-El Guardionara S.r.l. (€1,029 thousand).

Net financial income from subsidiaries amounts to €7,989 thousand (€7,627 thousand in 2020) and mainly consists of net interest income accrued during the year from associates and investees. The increase on the previous year is due to the larger loans granted by the company to its subsidiaries during the year. The interest-bearing loans are regulated by contracts.

25. OTHER REVENUE AND INCOME

Other revenue and income of €3,999 thousand (€3,266 thousand in 2020) mostly comprises i) fees for administrative, corporate and financial services provided to subsidiaries (€1,239 thousand), ii) the waiver of fees in favour of the company for services rendered by the company's employees holding positions in other group companies (€265 thousand), and iii) fees for consultancy services provided to Alerion Clean Power RO S.r.l. to promote its development initiatives (€2,062 thousand).

26. PERSONNEL EXPENSES

Personnel expenses amount to €2,032 thousand (€1,854 thousand in 2020) and comprise:

(€'000)	**2021**	**2020**	**Change**
Wages and salaries	1,861	1,693	168
Post-employment benefits	102	89	13
Other personnel expenses	69	72	(3)
Total personnel expenses	**2,032**	**1,854**	**178**

27. OTHER OPERATING COSTS

The other operating costs of €7,236 thousand (€3,055 thousand in 2020) include:

(€'000)	**2021**	**2020**	**Change**
Services:			
Directors' fees	1,128	965	163
Statutory auditors' fees	221	181	40
Consultants and collaborators' fees	4,833	1,236	3,597
Company management, requirements and financial reporting	323	298	25
Office maintenance, utilities and other costs	207	185	22
Other costs	373	51	322
Total services	**7,085**	**2,916**	**4,169**
Use of third party assets	33	24	9
Other operating costs	118	115	3
Total other operating costs	**7,236**	**3,055**	**4,181**

The caption shows an increase of €4,181 thousand mostly due to i) services related to the possible capital increase for a maximum of €300 million announced on 19 February 2021 (on 26 November 2021, the board of directors announced its decision not to exercise the proxy to increase share capital), and ii) consultancy services provided to the company to promote the development initiatives in Romania and the start-up of its subsidiary Alerion Clean Power RO S.r.l..

Reference should be made to the note to "Related party and intragroup transactions" for more information on the costs incurred with investees.

28. FINANCIAL INCOME (EXPENSE)

Net financial expense amounts to €79,426 thousand (€16,029 thousand in 2020) as follows:

(€'000)	2021	2020	Change
Financial income:			
Bank interest	18	59	(41)
Other financial income	23	20	3
Total financial income	**41**	**79**	**(38)**
Financial expense:			
Interest from parents	-	-	-
Short-term bank interest and charges	(323)	(175)	(148)
Long-term bank interest and charges	(146)	(123)	(23)
Interest on bonds	(17,210)	(12,907)	(4,303)
Fair value losses on derivatives	(15,760)	(2,894)	(12,866)
Other financial expense	(46,028)	(9)	(46,019)
Total financial expense	**(79,467)**	**(16,108)**	**(63,359)**
Net financial expense	**(79,426)**	**(16,029)**	**(63,397)**

The increase in financial expense is mostly due to i) the early redemption of the 2018-2024 bonds for €9,622 thousand, including interest accrued to the redemption date (€4,947 thousand), release of the transaction costs incurred when the bonds were issued to profit or loss (€1,509 thousand) and breakage costs (€2,812 thousand), ii) interest accrued on the 2019.2025 bonds (€6,818 thousand), iii) interest accrued on the 2021-2027 bonds in the period from their subscription to the reporting date (€770 thousand), iv) fair value losses on commodity swaps (€15,760 thousand), and v) accruals to the provision for risks for ongoing disputes (€45,992 thousand) (see the section on "Legal disputes").

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 €17,489 thousand (€2,424 thousand in 2020) as follows:

(€'000)	2021	2020	Change
Current taxes	9,550	1,772	7,778
Change in deferred tax liabilities due to the occurrence and reversal of temporary differences	7,939	652	7,287
Total income taxes	**17,489**	**2,424**	**15,065**

Current taxes

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

(€'000)	IRES		IRAP		Total	
2021	**Tax**	**%**	**Tax**	**%**	**Tax**	**%**
Tax base	**(6,481)**		**77,945**			
Theoretical tax	**1,555**	**24.0**	**(4,342)**	**5.57**	**(2,787)**	**29.6**
increases:						
- temporary differences	(11,586)	(178.8)	0	0.0	(11,586)	(178.8)
- other increases	(124)	(1.9)	4,342	(5.6)	4,218	(7.5)
decreases:						
- reversal of temporary differences	3,178	49.0	0	0.0	3,178	49.0
- other decreases	16,527	255.0	0	0.0	16,527	255.0
Effective tax	**9,550**	**147.3**	**0**	**(0.0)**	**9,550**	**147.3**

(€'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)**

Deferred taxes

A breakdown of deferred taxes is set out below:

	Statement of financial position		Equity	Profit or loss	
(€'000)	**31.12.2021**	**31.12.2020**		**2021**	**2020**
Deferred tax liabilities					
Dividends taxable in future years	(492)	(98)		(394)	(44)
	(492)	**(98)**		**(394)**	**(44)**
Deferred tax assets					
Directors' fees	110	134		(24)	(11)
Accruals to (utilisations of) provisions for risks	9,408	360		9,048	(3)
Discounting of post-employment benefits	27	27	-		
Financial expense deductible in future years	10	707		(697)	707
IFRS 9	30	30			
Other deductible temporary differences	5	3	(4)	6	3
	9,590	**1,261**	**(4)**	**8,333**	**696**
Deferred taxes			**(4)**	**7,939**	**652**

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	-	-	13	3
Alerion Real Estate S.p.A. in liquidation	-3	-	362	1,720
Alerion Servizi Tecnici e Sviluppo S.r.l.	1,976	146	4,192	700
Callari S.r.l.	1,468	-	21,008	-
Dotto S.r.l.	339	-	3,362	1,003
Enermac S.r.l.	856	-	36,722	76
Eolo S.r.l.	92	-	1,287	189
Krupen Wind S.r.l.	13	-	2,458	17
Minerva S.r.l.	1,298	-	19,600	836
Ordona Energia S.r.l.	1,455	-	26,531	-
Parco Eolico Licodia Eubea S.r.l.	1,079	-	18,652	16
Renergy San Marco s.r.l.	7,674	-	21,654	638
Wind Power Sud S.r.l.	651	-	3,129	-
Eolica PM S.r.l.	1,335	-	12,451	-
FRI-EL Albareto S.rl.	385	-	7,863	-
Green Energy Sardegna S.r.l.	679	-	8,370	-
FRI-EL Ichnusa S.r.l.	6,158	-	6,673	-
FRI-EL Campidano S.r.l.	5	-	3,544	-
FW Holding S.r.l.	35,708	-	26,405	-
FRI-EL Grottole Srl	3	-	3,880	-
FRI-EL Ricigliano Srl	3	-	1,093	-
FRI-EL Basento Srl	3	-	25	-
FRI-EL Anglona Srl	3	-	3	-
FRI-EL Nulvi Holding S.r.l.	12,894	-	8,178	-
Anemos Wind S.r.l.	85	-	1,177	772
Naonis Wind S.r.l	156	-	3,554	27
Alerion Spain S.L.	621	-	13,028	-
Wind Energy Eood	16	-	549	-
Wind Power 2 Eood	17	-	586	-
Wind Stream Eood	18	-	635	-
Wind System Eood	18	-	631	-
Draghiescu Partners Srl	1	-	1	-
Alerion Clean Power RO Srl	2,320	-	33,956	-
Fravort Srl	121	-	152	-
Tremalzo Srl	-	-	12	-
Green Fotovoltaic Parc Srl	-	-	33	-
Solar Live Energy Srl	-	-	24	-
Inspire Parc Solar Srl	-	-	19	-
Fucini 4 S.r.l.	58	-	4,109	12
Cevedale S.r.l.	-	-	28	-
Cavignon S.r.l.	-	-	31	-
Total subsidiaries	**77,505**	**146**	**295,980**	**6,009**
Equity-accounted investeees:				
Ecoenergia Campania S.r.l.	2,104	-	395	-
Andromeda Wind S.r.l.	735	-	-	-
FRI-EL Anzi Holding S.r.l.	686	-	-	-
FRI-EL Guardionara S.r.l.	1,029	-	-	-
New Green Molise S.r.l.	306	-	3,900	-
Total equity-accounted investees	**4,860**	**-**	**4,295**	**-**
Related parties				
FRI-EL Green Power S.p.A.	-	56	-	31
Total related parties	**-**	**56**	**-**	**31**
Total	**82,365**	**202**	**300,275**	**6,040**

The following tables present the additional disclosures required by Consob communication no. 6064293 of 28 July 2006:

Effects of related party and intragroup transactions on the company's financial position, financial performance and cash flows:

(Euro)	**Subsidiaries**	**Equity-accounted investees**	**Related parties**	**Total**
Trade receivables	4,561,550	-	-	**4,561,550**
total trade receivables	*4,561,547*	*4,561,547*	*4,561,547*	*4,561,547*
percentage	100%	0%	0%	**100%**
Other assets	58,069,268	483,280	-	**58,552,548**
other current assets	*62,701,888*	*62,701,888*	*62,701,888*	*62,701,888*
percentage	93%	1%	0%	**93%**
Non-current loan assets	205,749,819	3,811,572	-	**209,561,391**
total non-current loan assets	*211,675,463*	*211,675,463*	*211,675,463*	*211,675,463*
percentage	97%	2%	0%	**99%**
Current loan assets	27,600,000	-	-	**27,600,000**
total current loan assets	*27,623,074*	*27,623,074*	*27,623,074*	*27,623,074*
percentage	100%	0%	0%	**100%**
Current loans and borrowings	1,001,180	-	-	**1,001,180**
total current financial liabilities	*22,606,867*	*22,606,867*	*22,606,867*	*22,606,867*
percentage	4%	0%	0%	**4%**
Trade payables	145,400	-	30,500	**175,900**
total trade payables	*1,736,215*	*1,736,215*	*1,736,215*	*1,736,215*
percentage	8%	0%	2%	**10%**
Sundry liabilities	4,862,441	-	-	**4,862,441**
other current liabilities	*6,428,591*	*6,428,591*	*6,428,591*	*6,428,591*
percentage	76%	0%	0%	**76%**
Net gains on equity investments	73,852,678	4,576,133	-	**78,428,811**
net gains on equity investments	*78,292,471*	*78,292,471*	*78,292,471*	*78,292,471*
percentage	94%	6%	0%	**100%**
Other revenue and income	3,651,491	284,460	-	**3,935,951**
total other revenue and income	*3,999,161*	*3,999,161*	*3,999,161*	*3,999,161*
percentage	91%	7%	0%	**98%**
Other operating costs	145,400	-	56,105	**201,505**
total other operating costs	*7,236,089*	*7,236,089*	*7,236,089*	*7,236,089*
percentage	2%	0%	1%	**3%**

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 joint 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 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 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 quotas on 24 May 1999. This confirms the fact that the company and its subsidiary have absolutely no connection to the proceedings, as they were released from any co-obligation by SIC (ATRADIUS 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 (ATRADIUS 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.

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.

ATRADIUS has appealed to the Rome court of appeal, which acknowledged the fact that the judgement is pending for an amicable settlement of the dispute and postponed its discussion to the hearing of 3 November 2021.

The parties have not managed to reach an amicable settlement and, therefore, the judge has taken the case under advertisement setting the terms for the final statements.

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

Census consortium

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. On 23 September 2021, the court of cassation rejected the consortium's appeal and ordered it to compensate the municipality in relation to the return of the payments on account received to carry out the part of the works performed by the consortium.

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 stakes.

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 (and those of subsequent years) 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 separate financial statements was released in 2018. The directors deem that the risk is remote.

The risk for the company is remote.

Dispute about commodities

The company has filed a lawsuit aimed at declaring the nullity of certain commodity swaps and that it does not owe any amounts under such contracts and that the amounts already paid by it should be returned. It believes that the grounds for nullity should be accepted. However, and solely for prudent reasons, the provision for future risks and charges of €37.6 million includes the amount that the company would be required to pay the swap counterparties should the validity of the swaps be confirmed, despite its claims.

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 on behalf of investees of €49,358 thousand;
- sureties to third parties on behalf of third parties of €155 thousand.

33. OTHER INFORMATION

33.1 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 Italian Consolidated Finance Act (TUF).

33.2 Disclosure required by article 149-duodecies of Consob's Issuer Reguation

The following table shows the 2021 fees for audit and non-audit services provided by the independent auditors and their network entities:

(€'000)	**Service provider**	**2021**
Audit:	KPMG S.p.A.	83
Unbundling:	KPMG S.p.A.	1
Other services - parent[1]:	KPMG S.p.A.	415
Other services - parent[2]:	KPMG S.p.A.	26
Other services - parent[2]:	KPMG S.p.A.	81
Totale		**606**

[1]: Checks for the planned capital increase not completed during the year

[2]: Checks of the spreadsheet for the calculation of the financial covenants required by the regulations of the 2018-2024 bonds and the 2019-2025 bonds and the Green Report.

[3]: Procedures for the issue of the 2021-2027 bonds

33.3 Disclosure required by article 2497 of the Italian Civil Code "Management and coordination"

Since 7 May 2021, Fri-El Green Power S.p.A. has no longer managed and coordinated the parent pursuant to article 2497 and following articles of the Italian Civil Code although it continues to exercise its rights as the majority shareholder.

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

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 chief executive officer, 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 2021:

   - 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 issuer's financial position, financial performance and cash flows;

2.2 the directors' report includes a reliable analysis of the issuer's financial performance and financial position, together with information about the key risks and uncertainties to which it is exposed.

Milan, 18 March 2022

Chief executive officer	**Manager in charge of financial reporting**
Josef Gostner	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

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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 2021 il Collegio Sindacale di Alerion Clean Power S.p.A. (nel seguito, ***Alerion*** o la ***Società*** e, assieme alle società partecipate, il ***Gruppo***) 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, con comunicazione DEM/6031329 del 7 aprile 2006 e con comunicazione DEM/0031948 del 10/3/2017, emanata in continuità con le precedenti DEM/0007780 del 28 gennaio 2016 e DEM/0003907 del 19 gennaio 2015.

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, del processo di informativa finanziaria, del sistema di controllo interno e del sistema 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. Verifica dei requisiti di indipendenza del Collegio Sindacale

Il Collegio Sindacale in carica è stato nominato dall'Assemblea degli Azionisti del 26 aprile 2021; la nomina è avvenuta, ai sensi di legge e di Statuto, in base alle liste presentate dagli azionisti, tenuto conto anche delle previsioni in materia di equilibrio tra i generi. Dopo la nomina, il Collegio Sindacale ha verificato, con esito positivo per tutti i componenti, il possesso dei requisiti di indipendenza così come definiti dall'art. 148, comma 3, del TUF, oltre che l'assenza di cause di ineleggibilità, incompatibilità e decadenza, il possesso di requisiti di onorabilità, di professionalità, di competenza ed esperienza per svolgere il proprio compito. Il Collegio Sindacale dà inoltre atto che i propri componenti hanno rispettato il limite al cumulo degli incarichi stabilito dal Regolamento Emittenti Consob e dallo statuto.

3. Attività di vigilanza sull'osservanza della legge e dello statuto

Il Collegio Sindacale nel corso dell'esercizio 2021 ha tenuto 11 riunioni ed ha rilasciato, in data 11 marzo 2021, 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.

Analogo parere è stato emesso in data 18 marzo 2022 per la remunerazione del Dr. Stefano Francavilla.

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, le informazioni sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate dalla Società e dalle società controllate.

Il Collegio Sindacale, come già anticipato, esercitando la sua funzione di controllo, è intervenuto alle 20 riunioni del Consiglio di Amministrazione nonché alle 2 riunioni assembleari tenutesi nell'anno e dà atto che l'amministrazione della Società si è svolta nel rispetto delle norme di legge, di statuto e alle deliberazioni assembleari, nonché in maniera conforme ai principi di corretta amministrazione. 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***).

Nel corso dell'esercizio a seguito delle dimissioni dei Consiglieri di Amministrazione Dr. Elmar Zwick e Dr.ssa Giorgia Daprà, ed in seguito alla rinuncia al subentro alla carica della Dr.ssa Alessia Marconi, del Dr. Pietro Mauriello e del Dr. Michelangelo Ortore, sono stati cooptati ai sensi dell'art

2386, comma 1, del codice civile, la Dr.ssa Antonia Coppola ed il Dr. Carlo Delladio la cui nomina sarà confermata nella prossima Assemblea dei Soci.

A fine esercizio a seguito delle dimissioni del Dr. Georg Vaja è stato cooptato in data 16 dicembre 2021 il Dr. Stefano Francavilla che, con decorrenza 1 gennaio 2022, è stato nominato Amministratore Delegato.

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. Carlo Delladio.

Durante l'esercizio il CRN si è riunito 12 volte, il CPC si è riunito 10 volte e il CCRS si è riunito 18 volte.

L'Assemblea dei Soci, in data 26 Aprile 2021 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 dopo alcune operazioni alla data di fine anno, la Società possiede n. 225.356 azioni proprie pari al 0,41556 % del capitale sociale.

4. 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***).

L'adeguamento della Procedura alla Direttiva Europea di *Shareholder's Rights* è avvenuto in data 24 Giugno 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.

5. 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.

Nel corso dell'esercizio l'amministratore nominato dagli azionisti di minoranza si è dimesso per motivi personali.

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, al 31 dicembre 2021, si riscontra la presenza di tre amministratori esecutivi e sette Amministratori non esecutivi, di cui cinque 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.

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 nel corso dell'esercizio ha effettuato le seguenti operazioni:

- sottoscrizione di accordo di sviluppo di impianti fotovoltaici in Romania per complessivi 200 MW e acquisizione di numero tre società di progetto;
- sottoscrizione di accordo di sviluppo di impianti eolici in Romania per una potenza complessiva di 350 MW e acquisizione di una società di progetto;
- costituzione di una società di diritto rumeno destinata ad essere la holding locale di partecipazioni;
- emissione di prestito obbligazionario Green Bond per € 200 Milioni per il periodo 2021-2027 con un onere finanziario di circa € 4,5 milioni annui.

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.

6. **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, cosi 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.

Durante le due riunioni tenute con l'Organismo di Vigilanza e nelle relazioni emesse in data 20 settembre 2021 e 17 marzo 2022 dall'Organismo di Vigilanza, il Collegio Sindacale ha partecipato alla redazione della procedura sulle segnalazioni, ha acquisito informazioni sull'attività di vigilanza, sul funzionamento e sull'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 le 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.

7. 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 quattro riunioni con il soggetto incaricato della revisione legale dei conti.

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* UE.

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 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 2021 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 " 40 " e " 33.2 ".

Il Collegio Sindacale ha continuato 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 come previsto dal Regolamento n. 537/14 e ha concesso parere positivo ai seguenti incarichi di servizi *non audit*, di cui si riporta il dettaglio ed i relativi compensi:

- Progetto Informativo e Offering circular	€ 250.000
- Previsione stima degli utili	€ 45.000
- Verifica dei Report sul Green Bond 2019-25	€ 20.000
- Congruità prezzo di emissione delle azioni della Società	€ 100.000
- Emissione Confort Letter e Bring-down letter	€ 67.000
per complessivi	€ 482.000

8. Proposte in ordine al Bilancio di esercizio e alla sua approvazione e alle materie di competenza del Collegio Sindacale

Bilancio Consolidato e Relazione sulla Gestione

Il Progetto di Bilancio Consolidato della Società per l'esercizio 2021, 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 50,2 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 29 marzo 2022 ha attestato che il Bilancio Consolidato del Gruppo Alerion Clean Power S.p.A. al 31 dicembre 2021 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 2021, 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.

In osservanza alle disposizioni del Regolamento Europeo 2019 n. 815 la Società ha redatto il Bilancio Consolidato nel formato XHTML e la Società di Revisione ne ha verificato la predisposizione e la marcatura in conformità al detto regolamento.

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, l'andamento della gestione nel suo complesso e nei vari settori di interesse, 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 raccomandazioni ESMA, la Società ha dato, nella Relazione sulla Gestione, adeguate risposte ai "richiami di attenzione" sui possibili rischi e incertezze nel settore di attività derivanti dalla diffusione del COVID 19 nonché dei recenti eventi bellici in corso.

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

Il Progetto di Bilancio di esercizio di Alerion, 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 11,0 milioni di Euro e un patrimonio netto pari a 218,6 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, ha attestato con relazione emessa in data 29 marzo 2022 che "*... il bilancio di esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 Dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data*".

9. Modalità di concreta attuazione delle regole di governo societario

La Società ha aderito alle previsioni del Codice di Autodisciplina e il Collegio Sindacale ha vigilato sulle modalità di concreta attuazione delle regole di governo societario previste da codici di comportamento. 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.

10. Attività di vigilanza sui rapporti con società controllate e controllanti

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.

11. 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, 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 Progetto di Bilancio Consolidato e nella nota illustrativa punto n.. 30 del Progetto di Bilancio di esercizio, attestandone la corrispondenza alle normali condizioni di mercato.

12. Omissioni e fatti censurabili rilevati. Pareri resi e iniziative intraprese

Nel corso dell'esercizio 2021, il Collegio Sindacale non ha ricevuto alcuna denuncia ex art. 2408 c.c.; parimenti non sono pervenuti esposti.

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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 2021 ed alla proposta di distribuzione dell'utile, che risulta conforme alle previsioni di legge, nonché a quanto previsto dallo statuto.

Milano, li 30 marzo 2022

PER IL COLLEGIO SINDACALE

Dr. Francesco Schiavone Panni – Presidente

Dr. Alessandro Cafarelli – Sindaco effettivo

Dr.ssa Loredana Conidi – Sindaco effettivo

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(The accompanying translated separate financial statements of Alerion Clean Power S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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 2021, 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 2021 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
The separate financial statements at 31 December 2021 include investments in associates of €297.8 million and investments in joint ventures and associates of €45.6 million. 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. It did not test its investments in the subsidiaries Fucini 4 S.r.l. and Alerion Clean Power RO S.r.l. for impairment, since their carrying amounts, totalling €2 million and €10 million, respectively, at 31 December 2021, had already been assessed upon their initial recognition during the year. The directors estimated the recoverable amount of the equity investments tested for impairment based on the value in use of the various cash-generating units (CGUs) relating to the directly or indirectly operating companies, calculated using the discounted cash flow model. In line with a specific internal policy, the directors test investments in subsidiaries, associates and joint ventures for impairment even when they do not identify any impairment indicators. The process and methods for measuring and determining each CGU's recoverable amount (based on its value in use) are very complex and entail the use of estimates which, by their very nature, are uncertain and subjective about: — the expected cash flows, calculated by taking into account the general	Our audit procedures included: — understanding the process adopted to prepare the impairment test approved by the company's board of directors and the key controls implemented by the company; — checking whether how the directors carried out impairment tests complied with the IFRS; — understanding the process adopted for preparing the subsidiaries', associates' 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 financial figures, in order to check the accuracy of the estimation process; — 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

economic performance and that of the company'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. 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 ventures and associates is a key audit matter.	assumptions used for impairment testing; — 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. We carried out these procedures with the assistance of our own valuation experts who independently recalculated the main assumptions used, including by means of a comparison with external data and information.

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 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.

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 on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

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 2021 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 2021 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 2021 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, 29 March 2022

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director of Audit

Annex A

List of equity investments held at 31 December 2021 and changes therein during the year

	31.12.2020					31.12.2021	
	%	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	5,200,000	-	-	-	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	9,981,674	-	-	-	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	165,580	-	-	-	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
Ordona Energia S.r.l.	100	7,965,000	-	-	-	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	31,789,340	-	-	-	100	31,789,340
Alerion Spain S.L.	51	58,037	1,000,000	-	-	51	1,058,037
FRI-EL Ichnusa S.rl.	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.	100	70,000,000	-	-	-	100	70,000,000
FRI-EL Nulvi Holding S.r.l.	90	19,800,000	-	-	-	90	19,800,000
Alerion Iberia S.L.	100	50,000	-	-	-	100	50,000
Naonis Wind S.r.l.	100	911,075	1,500,000	-	-	100	2,411,075
Enermac S.r.l.	100	8,850,126	2,822,000	-	-	100	11,672,126
Fucini 4 S.r.l.	100	-	2,010,000	-	-	100	2,010,000
Alerion Clean Power RO S.r.l.	100	-	10,240	-	-	100	10,240
Alerion Romania S.A.	95	-	-	-	-	95	-
Alerion Bulgaria A.D.	92.5	-	-	-	-	92.5	-
Total		**290,445,250**	**7,342,240**	**-**	**-**		**297,787,490**
Investments in joint ventures							
Ecoenergia Campania S.r.l.	50	2,405,706	-	-	-	50	2,405,706
Andromeda Wind S.r.l.	49	11,500,000	-	-	-	49	11,500,000
FRI-EL Anzi Holding S.r.l.	49	8,000,000	-	-	-	49	8,000,000
FRI-EL Guardionara S.r.l.	49	9,500,000	-	-	-	49	9,500,000
New Green Molise S.r.l.	50	14,240,428	-	-	-	50	14,240,428
Total		**45,646,134**	**-**	**-**	**-**		**45,646,134**
Total		**336,091,384**	**7,342,240**	**-**	**-**		**343,433,624**