

Company Registration No. 02192110696

REA No. 159285



RENEXIA S.p.A.

Registered office in VIALE ABRUZZO 410

66100 CHIETI (CH)

Share capital € 5,000,000.00 fully paid up

Managed and coordinated by TOTO Holding S.p.A.

Financial Statements at 31 December 2021

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Corporate bodies

Board of Directors

In office until the approval of the 2021 financial statements - Appointed on 30 April 2019

Carlo TOTO	Chairman
Lino BERGONZI	Director and Managing Director
Valentina TOTO	Director

Board of Statutory Auditors

In office until the approval of the 2022 financial statements - Appointed on 29 June 2020

Francesco CANCELLI	Chairman
Paolo PALUMBO	Standing Auditor
Giovanni D'AQUINO	Standing Auditor
Giovanni DI TOMMASO	
Alternate Auditor	
Francesco PIETROCOLA	Alternate Auditor

Independent auditors

In office until the approval of the 2021 financial statements - Appointed on 30 April 2019

PricewaterhouseCoopers S.p.A.	Independent auditors
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Glossary

ADE – Tax authority.

AVIAGRICOLA – Azienda Aviagricola Abruzzese S.r.l.

BU – Business Unit

CALABRIA ENERGIA – Calabria Energia S.r.l.

CONCESSIONI AUTOSTRADALI - Concessioni Autostradali S.p.A.

CW1 – C.W.1. S.r.l.

EURASIA – Eurasia S.r.l.

IMF – International Monetary Fund

GSE – Gestore dei Servizi Energetici (GSE S.p.A.)

GOOD WIND – Good Wind S.r.l.

GROUP – Toto Holding Group

IMC – I.M.C. S.r.l. in liquidation

INFRA – Infraengineering S.r.l.

INDACO – Indaco S.r.l.

INTERSUN – Intersun S.r.l.

MEDWIND – Medwind S.a.r.l.

MED WIND ITALIA – Med Wind Italia S.r.l.

PGS – Parchi Global Services S.p.A.

PECH – Parco Eolico Casalduni House S.r.l.

PIANO – Group business plan 2020 - 2026

PPTR – Regional Landscape Plan

RENEXIA PECH - Renexia Pech S.p.A.

RENEXIA RECHARGE – Renexia Recharge S.r.l.

RENEXIA SERVICES – Renexia Services S.r.l.

RENEXIA WIND– Renexia Wind Offshore S.r.l.

SDP – Strada dei Parchi S.p.A.

SPARTIVENTO– Spartivento S.r.l.

TH – Toto Holding S.p.A.

TOTO CG – Toto S.p.A. Costruzioni Generali

TOTO RE – Toto Real Estate S.p.A.

TOTO TECH – Toto Tech S.p.A.

US WIND – US Wind Inc.

VOLERE VOLARE – Volere Volare S.r.l.

Management report

Introduction

The management report of Renexia S.p.A. (the “**Company**”) at 31 December 2021 shows a net profit for the year of approximately € 36.3 million.

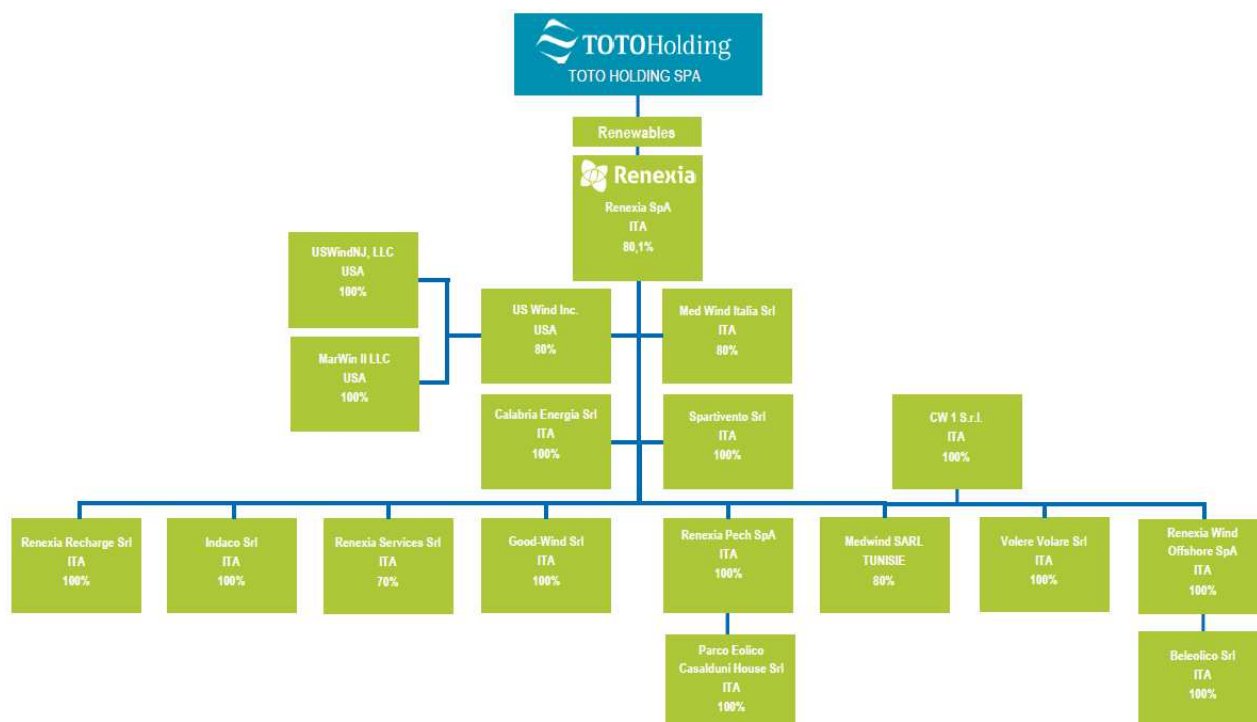
This report provides information about the Company and its performance. It accompanies the financial statements and provides information about the profit and loss account, balance sheet, cash flows and results of operations, together with historical data and forward-looking assessments, where possible. Amounts shown in the tables are expressed in euro units, while those in the notes are in thousands of euros.

The reclassified profit and loss account, the reclassified balance sheet, and the statement of changes in the net financial position of Renexia S.p.A. for 2021 are provided herein with notes and corresponding figures for the previous year.

The Company's business

The Company was set up in 2007 with the purpose of acquiring and managing equity investments. It is the “Energy sector” sub-holding of the Toto Group, responsible for all activities in connection with the development, construction and management of projects in the renewable energy sector.

The structure of the Group’s renewable energy business unit, of which Toto Holding S.p.A. is the parent, is shown below:



Macroeconomic Context

The International Economy

2021 was marked by a substantial recovery of the global economy despite a widespread slowdown in economic activity in the third quarter. Signs emerged of a return to stronger recovery in the United States and other advanced countries at the end of last year, in contrast to a prolonged weakness in the emerging economies. However, the resurgence of the pandemic and the persistent bottlenecks on the supply side are creating downside risks to growth. Inflation has risen further almost everywhere, mainly as a result of the increases in the prices of energy products and intermediate inputs and of the recovery of internal demand. The Federal Reserve and the Bank of England have begun to normalize their monetary policy.

In the euro area, GDP instead decelerated sharply at the turn of the year, owing to the rise in the number of COVID cases and the ongoing tensions in the supply chains that are holding back production in manufacturing. Inflation has reached its highest level since monetary union began, because of the exceptional increases in the energy component, especially gas prices, which in Europe are also affected by geopolitical factors.

The purchasing managers' indices (PMIs) show widespread signs of cyclical recovery in the main advanced economies in the fourth quarter. The lifting of the state of emergency in Japan at the beginning of October encouraged the recovery of the PMI for services which, for the first time since the start of the pandemic, returned to a level above the threshold that indicates expansion. In the United States, the PMIs for industry and services remain at levels consistent with robust growth, in line with the leading private forecasters' expectations of a rapid acceleration of GDP in the fourth quarter. In contrast, the emerging economies' PMIs confirmed the weak cyclical conditions, especially in manufacturing.

Inflation began to rise again in the United States, reaching 7 per cent in December, the highest level since the early 1980s. Among other factors, this was the result of price rises for energy products, house rentals, and used cars (due to the lack of microprocessors and the ensuing delays in delivering new vehicles).

As a result of inflation pressures, the central banks have begun to normalize their monetary policy. The Federal Reserve and the Bank of England are completing their securities purchases in view of gradual rises in interest rates. In contrast, China's and Japan's monetary policy stance remains expansionary.

Following the invasion, much of the international community responded quickly with sanctions on Russia that are unprecedented in terms of severity and scope. The immediate effects of the conflict on global financial market listings have been significant, although they have eased since mid-March; volatility remains high in many market segments. The prices of commodities, especially of energy products, for which Russia holds a considerable share of the global market, have risen further. Overall, the war in Ukraine is exacerbating downside risks to the global economic cycle and upside risks to inflation.

As described earlier, following the slowdown at the end of 2021, euro-area GDP stagnated in the early months of 2022. The tensions linked to the war in Ukraine are causing bigger rises in energy prices than in the rest of the world, and new procurement difficulties for firms, adding to the pre-existing ones. Based on preliminary data, consumer price inflation reached 7.5 per cent in March.

Last March, the ECB's Governing Council judged that the conflict would have considerable repercussions for economic activity and inflation in the euro area and announced that it would adopt all the measures necessary to guarantee price stability and financial stability. It also revised the purchase schedule of its asset purchase

programme (APP) for the next few months and announced that any changes in the key ECB interest rates would take place some time after the end of its net asset purchases and would be gradual.

(source: Bank of Italy – Economic Bulletins nos. 1 and 2 – January and April 2022).

The Italian Economy

Growth in Italy remained high in the third quarter of 2021, driven by the increase in household consumption. GDP recorded a marked slowdown in the fourth quarter, affected by the resurgence of the pandemic, in addition to persistent procurement problems for firms.

In the third quarter, GDP rose by 2.6 per cent on the previous period (from 2.7 per cent in the second quarter), mainly driven by the further marked expansion in household consumption. Starting in the spring, spending has regained momentum, especially in retail, transport and accommodation services (encouraged by the easing of the restrictive measures that had been adopted during the most acute phases of the pandemic), leading to accelerated activity across the entire service sector. Value added instead decelerated in construction and, to a lesser extent, in industry, following the strong expansion in the early part of the year.

Based on the latest indicators, GDP recorded a significant deceleration in the last quarter of 2021, rising by 0.5 per cent on the previous quarter. The main reason for this was the impact on consumption of the resurgence of COVID cases, in addition to the persistent supply problems linked to the unavailability of some commodities and intermediate products at global level.

GDP fell in the first quarter of 2022, owing to the resurgence in new COVID cases at the turn of the year and to the dynamics of energy prices, against a cyclical backdrop of heightened uncertainty stemming from the invasion of Ukraine. The war has a significant impact on Italy's energy balance as more than one fifth of Italian imports of energy inputs come from Russia. the share for natural gas alone exceeds 45 per cent. According to preliminary estimates, any interruption in the natural gas flows from Russia could be replaced by about two fifths by end-2022 – without drawing on Italy's methane reserves – by:

- increasing imports of liquefied natural gas;
- greater recourse to other suppliers; and
- stepping up extraction from Italian gas fields.

In the medium term, it would be possible to fully replace imports of Russian gas by investing more in renewable sources, as well as by increasing imports from other countries.

This Bulletin examines the possible macroeconomic consequences of the war in Ukraine on the basis of three illustrative scenarios drawn up based on alternative hypotheses for commodity price developments, international trade, consumer and business confidence, and natural gas supplies. These scenarios do not indicate the most likely macroeconomic outcome in the years to come and they are not therefore an update of the projections for Italy. In the most favourable scenario, the one that assumes the conflict will be resolved rapidly, and that the associated tensions will be significantly reduced, GDP growth would be around 3 per cent in 2022 and in 2023; inflation would rise, respectively, to 4.0 and to 1.8 per cent. In the intermediate scenario, formulated on the assumption that hostilities will continue, GDP would rise by around 2 per cent in both years; inflation would be equal to 5.6 and 2.2 per cent. In the most adverse scenario, which also hypothesizes an interruption in the supply of gas from Russia that could only partly be compensated from other sources, GDP would fall by almost 0.5 percentage points in 2022 and in 2023; inflation would rise to close to 8 per cent in 2022 and fall to 2.3 per cent in the following year.

This wide range of estimates does not take account of any possible new economic policy responses, which will be essential to counter both any recessionary tendencies and any pressures on prices stemming from the conflict.

(source: Bank of Italy – Economic Bulletins nos. 1 and 2 – January and April 2022).

Renewable Energy Sector

The GSE has published an interesting report *"Fonti rinnovabili in Italia e in Europa – 2020"* (Renewable Sources in Italy and Europe - 2020) (the **"Report"**) in which it highlights the development and the uptake of energy from renewable sources in Italy (and Europe) from 2005 to 2020. Specifically, in the fifteen years covered by the study, renewable energy (**"RE"**) consumed doubled from 10.7 million tonnes of oil equivalent (**"Mtoe"**) to 21.9 Mtoe. At the same time, the overall gross final consumption (**"GFC"**) of energy decreased. The decrease was stronger in 2020 (from 120.3 Mtoe to 107.6 Mtoe; -10.6%) and was mainly due to the drop in consumption as a result of the pandemic. The study also shows that, in 2020, in Italy, 20.4% of GFC is covered by RE. Therefore, the 17% target set for the same year by Directive 2009/28/EC and the national renewable energy action plan (**"NREAP"**) was achieved. Solid biomass is the most widely used renewable source in the thermal sector (approximately 7 Mtoe, without considering the biodegradable fraction of waste), used above all in the domestic sector as firewood or pellets; the ambient heat exploited by heat pumps is also important (2.5 Mtoe), while the contributions from other sources are more limited.

With respect to Europe, the study shows that, in 2020, out of a total of about 949 Mtoe of energy consumed, 22.1% (210 Mtoe) came from RE and, in the same year, Italy was the third country in the EU (after Germany and France) in terms of both overall consumption and RE consumption.

Germany ranks first in Europe in terms of wind power and photovoltaic production, Italy grew significantly in the photovoltaic sector, especially between 2011 and 2014, while wind power remains the main source in terms of installed capacity at European level. Of this, off-shore wind power achieved 14.5GW (installed) power in 2020.

Finally, the study highlights the binding renewable energy target for the Union for 2030 introduced by Regulation 2018/1999 of at least 32%. Italy, in turn, has set a national target for share of energy from renewable sources of 30% (Integrated national energy and climate plan - INECP). Spain is expected to record the most significant growth in the share of total energy consumption by 2030, while Italy, Germany and France expect substantially similar growth rates in RE.

Over the past few months, also as a result of the outbreak of the military conflict in Ukraine, the impact of Europe's energy dependence and the need to become essentially independent from imports from countries outside the EU, has become a hot topic. In the short term, the need to diversify as much as possible the number of countries from which energy resources are imported will become a fundamental issue. The study clearly shows that Italy's overall energy dependence is equal to 73.5% (2020). However, this figure is the lowest recorded since 1990. In Europe, energy dependence averages 57.5%. Over the past 30 years, Italy has always been the most energy-dependent state in Europe.

(source: GSE – Statistiche – "Fonti rinnovabili in Italia e in Europa - 2020")

Extension of time limits

Significant events of the year

ITALY

Arbitration award – Ponte Albanito S.r.l.

With respect to the arbitration award brought about by ETS, which is described in detail in the 2020 financial statements, to which reference should be made, the first appeal hearing (L'Aquila Court of Appeal, RG 290/17), which was held on 13 June 2017, resulted in the adjournment to the hearing for the closing arguments on 14 January 2020, upon suspension. At the end of the preliminary investigation performed during the proceedings, the case was pending decision by the judge. The Court, with the judgement of 23 June 2021, ruled that the appeal of the award was inadmissible. On 6 August 2021, the Company settled its position with C.v.A. S.p.A. and ETS, as it had already accrued the relevant amounts in a specific provision in the previous years.

Acquisition of 100% of CW1 S.r.l.

On 25 October 2021, the Company acquired 100% of CW1 S.r.l.. CW1 is developing a wind farm consisting of three wind turbines, having a total power of 9MW, which will be built in Cerignola (Foggia). CW1 holds the single authorisation, which was obtained by Executive Decree no. 2 of 22 February 2018.

Incorporation of Med Wind Italia S.r.l.

Med Wind Italia S.r.l. was incorporated on 15 March 2021. Its business object is the development and construction of wind farms, including off shore.

During the year, Med Wind Italia S.r.l. began developing a project for the construction of a wind farm off the port of Trapani for a total of 850 square kilometres. The wind farm, located in the Sicilian channel, will consist of 190 floating turbines for an installed capacity of 2.8 GW and an estimated annual production of 9 TWh.

FOREIGN OPERATIONS

United States

In 2021, the Company received a dividend totalling USD 45.51 million (net of federal withholding tax) from its US subsidiary US Wind Inc. This dividend stems from the sale of the concession of a body of water completed by US Wind Inc. with EDF in December 2018; specifically, it concerns the deferred consideration totalling USD 240 million, of which USD 62.5 million was collected in May by US Wind Inc. The residual price will be collected by the US subsidiary in accordance with the agreements based on the MWs actually installed in the New Jersey area included in the sale.

Financial highlights

Table 1 – Reclassified profit and loss account

Profit and Loss Account <i>Amounts in euros</i>	31/12/2021	31/12/2020	Change	% change
Net revenues	529,111	498,680	30,431	6.1%
External costs	7,406,200	4,450,708	2,955,492	66.4%
Added value	(6,877,089)	(3,952,028)	(2,925,061)	74.0%
Personnel expenses	2,290,390	3,363,238	(1,072,848)	-31.9%
EBITDA	(9,167,479)	(7,315,266)	(1,852,213)	25.3%
Amort./deprec., write-downs and other provisions	35,376	602,587	(567,211)	-94.1%
Other income	224,612	12,344	212,268	1719.6%
EBIT	(8,978,243)	(7,905,509)	(1,072,734)	13.6%
Net financial income	44,539,988	80,187,622	(35,647,634)	-44.5%
Profit from ordinary activities	35,561,745	72,282,113	(36,720,368)	-50.8%
Management of equity investments (excluding dividends)	(107,151)	(1,167,996)	1,060,845	90.8%
Profit before taxes	35,454,594	71,114,117	(35,659,523)	-50.1%
Income taxes	(800,401)	(471,577)	(328,824)	-69.7%
Net profit for the year	36,254,995	71,585,694	(35,330,699)	-49.4%

2021 ended with a net profit of € 36.3 million. Revenues (€ 529 thousand), net of external costs (€ 7,406 thousand) and personnel expenses (€ 2,290 thousand), generated a negative EBITDA of approximately € 9,167 thousand. External costs mainly refer to services (€ 3,388 thousand) and other operating costs (€ 3,293 thousand).

Revenues refer to services provided to subsidiaries.

External costs rose considerably (€ 2,955 thousand) mainly as a result of the withholding taxes on the dividends distributed by the parent US WIND (+ € 1,129 thousand), the recalculation of the pro rata VAT (€ 813 thousand), and the new service agreement entered into with the parent Toto Holding in 2021 (+ € 828 thousand).

Given the nature of the Company's business, EBIT (negative by € 8,978 thousand) was not substantially affected by amortisation and depreciation or income from non-core business and reflects a significant trend reversal in terms of financial income and equity investments.

Financial income amounts to € 44.5 million and includes:

- the dividends distributed during the year by the subsidiary US WIND (€ 39.8 million);
- the net effect of financial operations (a positive € 4,189 thousand) essentially due to the interest income and expense accrued in respect of the subsidiaries as per the intercompany current account agreement and the fees and commissions paid to banks in connection with the services received during the year;
- the net exchange rate gains for the year which total € 546 thousand.

The management of equity investments shows a negative balance of € 107 thousand due to the write-down of the investment in the Tunisian subsidiary MEDWIND, the mini-wind companies (INDACO, GOOD WIND, SPARTIVENTO, CALABRIA ENERGIA and VOLERE VOLARE) and the fair value measurement of the put/call option relating to the sale of a minority interest in US WIND.

Based on the above, the profit before taxes amounts to € 35.5 million. After deducting the positive effect of taxes (€ 800 thousand), the net profit for the year is equal to € 36.3 million.

The breakdown of external costs and personnel expenses is provided in the table below. These items are analysed in further detail in the "Profit and loss account" section of the notes to these financial statements, to which reference should be made.

Table 2 – Costs

Description <i>Amounts in euros</i>	31/12/2021	31/12/2020	Change	% change
Services	3,388,483	2,908,212	480,271	16.5%
Raw materials	40,013	43,642	(3,629)	-8.3%
Use of third-party assets	391,826	317,936	73,890	23.2%
Other operating costs	3,292,936	1,180,918	2,112,018	178.8%
Sub-total of external costs	7,113,258	4,450,708	2,662,550	59.8%
Personnel expenses	2,290,390	3,363,238	(1,072,848)	-31.9%

Net financial position

The breakdown of the Company's net financial position is shown below.

Table 3 – Net financial position

Description <i>Amounts in euros</i>	31/12/2021	31/12/2020	Change	% change
Bank deposits	3,774,998	124,854	3,650,144	2924%
Cash-in-hand and cash equivalents	6,782	10,511	(3,729)	(35%)
Liquid funds and own shares	3,781,780	135,365	3,646,415	2694%
Financial receivables from the parent	127,287,588	101,598,047	25,689,541	25%
Financial receivables from subsidiaries	36,413,571	29,264,821	7,148,750	24%
Financial receivables from others	460	0	460	N.A.
Bank loans and borrowings (due within one year)	(350,316)	(4,736)	(345,580)	7297%
Financial payables to subsidiaries	(37,254,450)	(34,467,035)	(2,787,415)	8%
Financial payables to subsidiaries of parent companies	(12,009)	(12,009)	0	0%
Short-term net financial position	129,866,624	96,514,453	33,352,171	35%
Bank loans and borrowings (due after one year)	(4,550,921)	0	(4,550,921)	N.A.
Medium/long-term net financial position	(4,550,921)	0	(4,550,921)	N.A.
Total net financial position	125,315,703	96,514,453	28,801,250	30%

The net financial position is a positive € 127.3 million and is mainly attributable to financial receivables from subsidiaries (€ 36.4 million) and the € 127.3 million loan taken out in favour of the parent Toto Holding S.p.A.. The net financial position increased by € 28.8 million on 31 December 2020. During the year, a € 5 million unsecured loan guaranteed by SACE (Decree law dated 8 April 2020 - "Liquidity decree"), agreed with Banca Progetto S.p.A. on 6 July, was collected.

Research and development

In accordance with article 2428.2.1 of the Italian Civil Code, Renexia S.p.A. did not carry out any research or development activities.

Transactions with subsidiaries, parents and subsidiaries of parents

Details of trade and financial transactions with subsidiaries, parents, and subsidiaries of parents at the reporting date are shown in the following table.

Table 4 - Trade transactions (payables/receivables) and financial transactions (revenues, costs, financial income and charges)

Company	Trade receivables	Trade payables	Financial revenues/income	Financial costs/charges
<i>Parent</i>				
Toto Holding S.p.A.	870,648	801,962	4,510,786	1,433,716
<i>Subsidiaries</i>				
CW1 S.r.l.			3,793	
U.S. Wind Inc.	176,634	1,096,051	63,379	
Renexia Services S.r.l.	72,557		132,423	1,408,430
Renexia Wind Offshore S.p.A.			1,194,858	
Parco Eolico Casalduni House S.r.l.	253,222		103,353	
Renexia PECH S.p.A.			69,407	
Calabria Energia S.r.l.	1,318		1,390	
Good Wind S.r.l.	1,089		1,161	
Spartivento S.r.l.	1,115		1,187	
Volere Volare S.r.l.			84	
Renexia Recharge S.r.l.	43,034		8,045	
Med Wind Italia S.r.l.	152,935		177,822	
Beleolico S.r.l.	387,420		242,220	
<i>Related companies</i>				
TOTO S.p.A. Costruzioni Generali		25,369		1,254
TOTO TECH S.r.l.		33,801		7,656
Ambra S.r.l.		8,136		
Infraengineering S.r.l.	12,717		12,420	
Strada dei Parchi S.p.A.		41,349		4,721
TOTO Real Estate S.r.l.	3,908	149,671	3,908	209,658
Total	1,966,697	2,156,339	6,526,236	3,065,435

Table 5 - Financial transactions (payables and receivables including from tax consolidation) and capital gains.

Company	Financial receivables	Financial payables	Receivables under the consolidation scheme	Dividends from equity investments
Parent				
TOTO HOLDING S.p.A.	127,287,588		845,026	
Subsidiaries				
CW1 S.r.l.	502,919			
U.S. Wind Inc.				39,803,875
Medwind S.a.r.l.				
Renexia Services S.r.l.		37,255,328		
Renexia Pech S.p.A.	2,222,837			
Renexia Wind Offshore S.p.A.	29,585,639			
Calabria Energia S.r.l.	72			
Good Wind S.r.l.	72			
Indaco S.r.l.	240			
Volere Volare S.r.l.	10,260			
Renexia Recharge S.r.l.	159,250			
Med Wind Italia S.r.l.	3,931,654			
Beleolico S.r.l.	628			
Related companies				
TOTO S.p.A. Costruzioni Generali		12,010		
TOTO Real Estate S.r.l.	460			
Total	163,708,533	37,267,338	845,026	39,803,875

Transactions with subsidiaries include trade transactions which are part of ordinary business activities, generating payables, receivables, costs and revenues. They are carried out at normal market conditions and do not include any atypical and/or unusual operations.

All financial transactions are interest bearing and subject to ordinary market conditions. They do not include any atypical and/or unusual operations.

Environment and workforce

Workforce

For its employees, the Company applies the Consolidated Act of 30 March 2015 on the national collective employment agreement for employees hired in companies operating in the tertiary sector in distribution and services, amended following the agreement of 13 May 2019. The national collective employment agreement for managers of companies that produce goods and services of 25 November 2019, modified following the renewal agreement of 30 December 2014 and 30 July 2019, applies to top management.

In view of the type of business activity undertaken (holding company), the Company is not exposed to any particular risks in connection with specific production or machining processes. It complies with the general statutory safety standards applicable to its sector of activity. No accidents at work took place during the year.

To protect its employees during the Covid-19 pandemic, the Company has taken all the necessary measures to guarantee safe and healthy working environments and to ensure that every job can be carried out in absolute safety. These measures include, among others:

- the adoption of a specific "COVID-19 SAFETY PROTOCOL";
- encouraging use of remote working;
- daily monitoring of body temperature;
- requesting regular sanitisation of office premises.

The Company organised 118 hours of training courses with 9 participants. The topics covered by the course related to statutory safety regulations and professional development.

Environment

During the year, there was no damage caused to the environment for which the Company was found definitively guilty; no definitive sanctions or penalties were imposed on the Company for crimes against or damage to the environment.

Own shares and shares/quotas of parents

The Company does not own quotas or shares of the parents nor has it either directly or indirectly owned any such quotas or shares over the course of the year.

Organisational model pursuant to Legislative decree no. 231/2001

As required by Legislative decree no. 231/2001, the Company adopts an Organisational, management, control and anti-corruption model aligned with the latest regulatory updates.

The Company also includes an Internal Audit department (set up at the parent, Toto Holding S.p.A.) and a Supervisory Body comprising external experts.

The Internal Audit department works in a systematic and structured way to control and monitor the main risks to which the Company is exposed, acting as the Supervisory Body's "operational arm".

The Organisational model is thus supported by a complex, structured set of control procedures and activities aimed at preventing, or at least reducing to an acceptable level, the risk of offences being committed.

In addition to its system of governance and internal controls and for the purposes of its regulation, the Company has also adopted a Code of Ethics, integrated with the Organisational Model. Together, they ensure efficient and transparent process management and the effectiveness of risk control and monitoring activities.

The ongoing controls performed by the Internal Audit department and Supervisory Body, and the timely and effective use of disciplinary measures to punish any type of unlawful conduct ensure the proper implementation of the Model.

Risk management, financial instruments and guarantees

As part of its business activities, the Company is exposed to risks and uncertainties which may be of a general or financial nature or more closely linked to the specific nature and characteristics of the activities undertaken.

The main risk factors that are generally monitored by management regard operational risk, linked to investments in the various projects, and financial risk.

Liquidity risk

The Company, which heads the renewable energy sector, pays special attention to managing the resources generated or absorbed by operating and/or investment activities and to the characteristics of payables in terms of due and renewal dates in order to ensure effective cash flow management. These resources are procured and used also with a focus on group-level cash management.

In particular, special attention is paid to:

- monitoring the level of liquidity available;
- optimising credit lines;
- monitoring future liquidity.

In 2021, the Company availed of the options introduced by the Decree law dated 8 April 2020 (the "Liquidity decree"), as subsequently amended, on measures to support the liquidity of Italian businesses in order to obtain a six-year credit line with a 90% SACE guarantee, comprising a one-year grace period and a five-year amortisation period. In August 2021, a loan agreement was signed for a total of € 5 million.

Finally, during the year, the Company received a USD 45.51 million dividend (net of withholding tax) from US Wind Inc..

These are the main actions implemented to support the financial needs of the Company and the Group. Based on these actions, the liquidity risk is considered adequately managed.

Currency risk

The Company primarily operates on a domestic level, with most transactions in euros. However, since it also trades financial items with the US subsidiary US Wind Inc., it is exposed to the currency risk. At present, given the limited impact of these items, the Company has decided there is no need to hedge this risk.

Derivatives

At 31 December 2021, the Company issued the derivatives described in the "Fair value of derivatives" and "Financial instruments issued by the Company" sections of the notes to the financial statements to which reference should be made for additional information.

Credit risk

Receivables from third parties (trade and financial) refer to a limited number of parties. They are written down individually in the case of individually significant impairments and if there is a possible recovery risk. The amount of the write-down reflects the estimated recoverable flows and the related collection date, as well as the guarantees received from customers.

Business outlook

Pursuant to article 2428.3.6 of the Italian Civil Code on disclosures regarding the "business outlook", the relevant information is provided in the notes to the financial statements, in a specific section after the "Significant events after the reporting date", to which reference should be made. This information has been included for the sake of clarity and to improve the reader's understanding of the Company's financial statements and the accompanying documents.

Chairman of the Board of Directors

Carlo Toto

Financial statements - Fourth Council Directive

BALANCE SHEET ASSETS	31/12/2021	31/12/2020
B) Fixed assets		
I - Intangible fixed assets		
3) Industrial patents and intellectual property rights.	4,121	5,956
4) Concessions, licences, trademarks and similar rights	0	3,520
6) Assets under construction and payments on account	987,673	575,984
7) Other	990	0
Total intangible fixed assets	992,784	585,460
II - Tangible fixed assets		
2) Plant and machinery	91,807	12,339
4) other assets	29,379	38,289
Total tangible fixed assets	129,486	50,628
III - Financial fixed assets		
1) Equity investments		
a) in subsidiaries	17,968,999	12,681,078
d-bis) other	12,823	12,823
	17,981,822	12,693,901
2) Financial receivables		
a) from subsidiaries	36,413,571	29,264,821
c) from parents	127,287,588	101,598,047
d-bis) from others	460	0
	163,701,619	130,862,868
Total financial fixed assets	181,683,441	143,556,769
TOTAL FIXED ASSETS	182,805,711	144,192,857
C) Current assets		
II - Receivables		
1) trade receivables	781	2,123,740
2) from subsidiaries	1,089,324	498,857
4) from parents	860,446	71,965
5) from subsidiaries of parents	16,625	3,150
5-bis) tax receivables	562,944	782,018
5-ter) deferred tax assets	5,044	51,235
5-quater) from others		
- due within one year	409,273	334,332
- due after one year	595,396	400,260
	3,539,833	4,265,557
III - Current financial assets		
1) investments in subsidiaries		
4) investments in other companies	46,843	46,843
	46,843	46,843
IV - Liquid funds		
1) bank and postal accounts	3,774,998	124,854
3) cash-in-hand and cash equivalents	6,782	10,511

Total liquid funds	3,781,780	135,365
TOTAL CURRENT ASSETS	7,368,456	4,447,765
D) Prepayments and accrued income		
Prepayments and accrued income	65,442	79,915
TOTAL PREPAYMENTS AND ACCRUED INCOME	65,442	79,915
BALANCE SHEET ASSETS	190,239,609	148,720,537
BALANCE SHEET LIABILITIES	31/12/2021	31/12/2020
A) Net equity		
I - Capital	5,000,000	5,000,000
II - Share premium reserve	528,216	528,216
IV - Legal reserve	1,000,000	1,000,000
VI - Other reserves	10,800,000	10,800,000
VIII - Retained earnings	85,427,190	13,841,495
IX - Net profit for the year	36,254,995	71,585,694
TOTAL NET EQUITY	139,010,401	102,755,405
B) Provisions for risks and charges		
4) Other provisions	316,399	3,768,147
TOTAL PROVISIONS FOR RISKS AND CHARGES	316,399	3,768,147
C) Employees' leaving entitlement		
Employees' leaving entitlement	118,822	138,167
EMPLOYEES' LEAVING ENTITLEMENT	118,822	138,167
D) Payables		
4) Bank loans and borrowings		
- due within one year	350,316	4,736
- due after one year	4,550,921	0
	4,901,237	4,736
7) Trade payables		
- due within one year	651,295	539,510
- due after one year	70,204	70,204
	721,499	609,714
9) Payables to subsidiaries		
- due within one year	38,351,378	35,383,830
	38,351,378	35,383,830
11) Payables to parents		
- due within one year	801,961	325,536
	801,961	325,536

11- <i>bis</i>) Payables to subsidiaries of parents		
- due within one year	270,336	232,893
	270,336	232,893
12) Tax payables		
- due within one year	5,366,845	4,825,838
- due after one year	17,713	65,296
	5,384,558	4,891,134
13) Social security charges payable		
- due within one year	57,585	134,223
	57,585	134,223
14) Other payables		
- due within one year	298,630	474,618
	298,630	474,618
TOTAL PAYABLES	50,787,184	42,056,684
E) Accrued expenses and deferred income	6,803	2,134
BALANCE SHEET LIABILITIES	190,239,609	148,720,537
PROFIT AND LOSS ACCOUNT	31/12/2021	31/12/2020
A) Production revenues		
1) Turnover from sales and services	529,111	498,680
5) Other revenues and income	224,612	12,344
TOTAL PRODUCTION REVENUES	753,723	511,024
B) Production costs		
6) raw materials, consumables, supplies and goods	40,013	43,642
7) services	3,388,483	2,908,212
8) use of third-party assets	391,826	317,936
9) personnel expenses:		
a) wages and salaries	1,925,592	3,029,174
b) social security contributions	268,000	240,322
c) employees' leaving entitlement	96,458	95,365
e) other costs	340	(1,623)
	2,290,390	3,363,238
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	5,685	7,635
b) depreciation of tangible fixed assets	29,691	23,146
d) write-down of current receivables	0	571,806
	35,376	602,587
13) other provisions	292,942	0
14) other operating costs	3,292,936	1,180,918
TOTAL PRODUCTION COST	9,731,966	8,416,533

Operating loss (A-B)	(8,978,243)	(7,905,509)
C) Financial income and charges		
15) income from equity investments:		
- from subsidiaries	39,803,875	80,248,093
16) other financial income:		
a) from receivables classified as fixed assets		
- from subsidiaries	1,313,349	758,144
- from parents	4,495,367	2,168,308
d) other income		
- from others	18,683	1,468
	45,631,274	83,176,013
17) interest and other financial charges:		
- to subsidiaries	(1,408,430)	(1,257,703)
- to others	(170,712)	(2,410,420)
	(1,637,571)	(3,668,123)
17 -bis) net exchange rate gains	546,285	679,732
NET FINANCIAL INCOME	44,539,988	80,187,622
D) Adjustments to financial assets		
19) write-downs:		
- of equity investments;	(69,116)	(742,632)
- of financial fixed assets which are not equity investments;	0	(147,000)
- of securities classified as current assets which are not equity investments;		
- of derivatives	(38,035)	(278,364)
	(107,151)	(1,167,996)
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	(107,151)	(1,167,996)
Pre-tax profit (A-B + - C + - D + - E)	35,454,594	71,114,117
20) Income taxes, current and deferred		
c) change in deferred tax assets	43,671	(4,559)
d) (income) charges from participation in the tax consolidation scheme	(844,657)	(70,716)
e) prior year taxes	585	(396,302)
	(800,401)	(471,577)
Net profit for the year	36,254,995	71,585,694

Chairman of the Board of Directors

Carlo Toto

Cash flow statement

Cash flows from operations (indirect method)

Cash flow statement	31/12/2021	31/12/2020
A. Cash flows from operations (indirect method)		
Net profit for the year	36,254,995	71,585,694
Income taxes	(800,401)	(471,577)
Interest expense/(income)	(43,993,703)	(79,507,890)
Dividends	(39,803,875)	(80,248,093)
1. Loss for the year before income taxes, interest, dividends and gains/losses on sales	(48,342,984)	(88,641,866)
<i>Adjustments for non-monetary items with no balancing entry in net working capital</i>		
Accruals to provisions	(3,471,093)	297,927
Amortisation/depreciation	35,376	30,781
Impairment losses	69,116	742,632
Other adjustments for non-monetary items	0	(7,000,000)
2. Cash flows before changes in NWC	(51,709,585)	(94,570,526)
<i>Changes in net working capital</i>		
Decrease/(increase) in trade receivables	2,122,959	(3,529)
Increase/(decrease) in trade payables	111,785	(107,914)
Decrease/(increase) in prepayments and accrued income	14,473	(8,213)
Increase/(decrease) in accrued expenses and deferred income	4,669	(554)
Other changes in net working capital	43,772,892	94,034,337
3. Cash flows after changes in NWC	(5,682,807)	(656,399)
<i>Other adjustments</i>		
Interest received/(paid)	(152,029)	(2,408,952)
Dividends received	39,803,875	80,248,093
4. Cash flows after other adjustments	33,969,039	77,182,742
Cash flows from operations (A)	33,969,039	77,182,742
B. Cash flows from investment activities		
<i>Tangible fixed assets</i>		
(Investments)	(108,549)	0
<i>Intangible fixed assets</i>		
(Investments)	(413,009)	(309,251)
<i>Financial fixed assets</i>		
(Investments) - Disbursement of loans to group companies	(38,195,788)	(60,170,710)
<i>Current financial assets</i>		
Waiver of receivables due from Intersun	0	855,008
Cash flows used in investment activities (B)	(38,717,346)	(59,624,953)
C. Cash flows from financing activities		
<i>Third party funds</i>		
Increase (decrease) in short-term bank loans and borrowings	345,580	(4,455)
Increase (decrease) in financial payables to group companies	3,498,221	1,052,303
<i>Own funds</i>		
Dividends paid	0	(19,525,000)
Cash flows from (used in) financing activities (B)	8,394,722	(18,477,152)
Increase (decrease) in liquid funds (A ± B ± C)	3,646,415	(919,363)
Opening liquid funds	135,365	1,054,728
Closing liquid funds	3,781,780	135,365

Chairman of the Board of Directors

Carlo Toto

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RENEXIA S.p.A.

Registered office in VIALE ABRUZZO 410
66100 CHIETI (CH)

Share capital € 5,000,000.00 fully paid up
Managed and coordinated by TOTO Holding S.p.A.

Notes to the financial statements at 31 December 2021

Foreword

Dear Shareholders,

The financial statements as at and for the year ended 31 December 2021 show a net profit of € 36.3 million.

These notes describe, analyse and, in some cases, supplement the figures in the financial statements and provide the information required by the reporting standards issued by the Italian Accounting Standards Board (OIC).

For information about the significant events of the year, reference should be made to the Management report.

Activities carried out

The Company was set up in 2007 with the purpose of acquiring and managing equity investments. It is the "Energy sector" sub-holding of the Toto Group, responsible for all development, construction and management activities for projects in the renewable energy sector.

Group membership

The key figures of the parent Toto Holding S.p.A. shown in the summary statement pursuant to article 2497-bis of the Italian Civil Code have been derived from the corresponding financial statements at 31 December 2021. For an adequate and better understanding of the financial position of Toto Holding S.p.A. as at 31 December 2019, as well as its financial performance for the year then ended, reference should be made to the financial statements which, together with the independent auditors' report, are available in accordance with the law.

	2020	2019
BALANCE SHEET		
ASSETS		
A) Share capital proceeds to be received		
B) Fixed assets	481,922,853	421,101,994
C) Current assets	22,340,627	14,038,574
D) Prepayments and accrued income	389,801	251,741
Total assets	504,653,281	435,392,309
LIABILITIES:		
A) Net equity:	339,424,198	334,559,809
Share capital	100,000,000	100,000,000
Reserves	264,895,246	262,445,954
Losses carried forward	(36,335,437)	(76,879,571)
Net profit for the year	10,864,389	48,993,426
B) Provisions for risks and charges	829,330	740,480
C) Employees' leaving entitlement	405,476	404,679
D) Payables	163,960,645	99,666,064
E) Accrued expenses and deferred income	33,632	21,277
Total liabilities	504,653,281	435,392,309
PROFIT AND LOSS ACCOUNT		
A) Production revenues	6,188,807	5,092,237
B) Production cost	11,451,839	29,007,991
C) Net financial income	16,664,032	69,423,941
D) Adjustments to financial assets	(1,468,540)	(1,450,154)
Income taxes for the year	(931,929)	(4,935,393)
Net profit for the year	10,864,389	48,993,426

Name and registered office of the company that prepares the consolidated financial statements

Toto Holding S.p.A., with registered office in Viale Abruzzo 410, Chieti, prepares the consolidated financial statements of the Group of which it is part pursuant to article 2427.22-quinquies and 22-sexies of the Italian Civil Code. These consolidated financial statements are available at Toto Holding S.p.A.'s registered office in accordance with the terms and conditions governing the filing of financial statements.

Therefore, in accordance with article 27.3 of Legislative decree no. 127/1991, as in the previous years, despite holding controlling interests, the Company does not prepare the consolidated financial statements. The section on equity investments shows the carrying amount of the investments held, calculated using the equity method.

Going concern

The Renewables business unit, of which the Company is the parent, continues its development and investment activities on the basis of well-established strategic guidelines, with operational efforts focusing on the domestic market (off/onshore wind farms and solar) and in the US offshore wind market.

During the year, the Company continued to develop wind farms in Italy (through its subsidiaries Renexia Pech and Renexia Wind Offshore) and in the US (through its subsidiary US Wind). In addition, a newco, Med Wind Italia, was incorporated to develop wind farms, including offshore, and is developing an important project to build a wind farm off the Sicily channel.

Finally, the Company currently has assets which it did not recognise entirely. Indeed, their market value significantly exceeds their carrying amount, as confirmed by the partial sale of US Wind shares in 2020.

The conditions for the ability to continue as a going concern are therefore expected to exist.

Basis of preparation

The financial statements at 31 December 2021 have been prepared in accordance with the provisions of the Italian Civil Code on financial statements as amended by Legislative decree no. 139/15 implementing EU Directive 2013/34.

The financial statements comprise:

- the balance sheet;
- the profit and loss account;
- the cash flow statement;
- these notes.

The cash flow statement has been prepared using the indirect method.

These notes describe, analyse and, in some cases, supplement the figures in the financial statements and provide the information required by article 2427 of the Italian Civil Code. They reflect the changes to the law introduced by Legislative decree no. 139/15 and are in line with the accounting standards issued by the Italian Accounting Standards Board (OIC).

The balance sheet, profit and loss account and the cash flow statement have been drawn up in euro units, while the figures in these notes are presented in thousands of euros unless otherwise stated. The euro is the Company's functional and presentation currency.

Measurement criteria

(Article 2427.1.1 of the Italian Civil Code)

The measurement criteria applied to the preparation of these financial statements at 31 December 2021 are unchanged from those used in the previous year.

Items are measured under the general principle of prudence, assuming that the Company will continue as a going concern. They are recognised and presented in accordance with the principle of substance over form.

Profits are only recognised when realised before the reporting date. Furthermore, income and expenses are recognised on an accruals basis, irrespective of actual collection or payment dates, and risks and losses for the year are taken into account, even when they only become known after the reporting date.

The various items included in the different captions are separately measured.

In accordance with the principle of materiality, the Company did not comply with the obligations applicable to recognition, measurement, presentation and disclosure when the effects of compliance therewith were irrelevant for the purposes of giving a true and fair view.

The measurement criteria have not changed compared to those applied in the previous year. Each item of the balance sheet, profit and loss account and cash flow statement is accompanied by the corresponding prior year balance. When no comparison is possible, prior year items have been adjusted. Information about any lack of comparability, adjustment or non-adjustment is provided in the notes.

Pursuant to article 2423.3 of the Italian Civil Code, if the disclosure required by specific legal provisions is not enough for the purposes of giving a true and fair view, all the information necessary for that purpose has been provided.

Waivers

(article 2423.4 of the Italian Civil Code)

There were no exceptional cases requiring the Company to make use of any of the exemptions under article 2423.5 of the Italian Civil Code.

The measurement criteria adopted in preparing the financial statements are as follows.

Fixed assets

Intangible fixed assets

These are recognised at their historical purchase cost and are shown net of accumulated amortisation, which is directly charged to the individual items.

Industrial patents and, in particular, the software purchased for the study concerning the energy production

capacity of current projects are amortised over three years.

Trademarks are amortised over ten years.

If, regardless of the amortisation already charged, an impairment loss exists, the asset is written down accordingly.

If, in following years, the reasons for the write-down no longer apply, the original amount is reinstated adjusted by amortisation only.

Tangible fixed assets

These are recognised at purchase cost and adjusted by the corresponding accumulated depreciation.

The carrying amount takes into account ancillary charges and costs incurred for using the asset, less any material trade or cash discounts.

The depreciation charges, taken to the profit and loss account, are calculated according to the use, allocation and expected useful life of the assets. The following depreciation rates are believed to reflect the effective useful life of the assets, and are unchanged from the previous year. They are halved in the year in which the asset comes into use. The rates applied are:

- Plant and machinery (anemometers): 10%;
- Industrial and commercial equipment (sundry and minor): 40%;
- Other assets (office and electronic equipment, etc.): 20%;
- Other assets (motor vehicles): 25%.

If, regardless of the depreciation already charged, an impairment loss exists, the asset is written down accordingly.

If, in following years, the reasons for the write-down no longer apply, the original value is reinstated adjusted by depreciation only.

Equity investments

Investments in subsidiaries recognised under financial fixed assets are measured at purchase or subscription cost.

Equity investments classified as fixed assets represent long-term, strategic investments.

They are measured at cost, upon initial recognition. This cost may not be maintained and, consequently, the item is written down in accordance with article 2426.1.3 of the Italian Civil Code when, at the reporting date, the carrying amount of the equity investment is permanently below its cost. An impairment loss results from the comparison between the equity investment's initial carrying amount and its recoverable amount, calculated based on the future economic benefits the Company expects to receive from the investment.

Equity investments recognised at purchase cost which have undergone an impairment loss are written down. If the cost of the investment exceeds the amount determined using the equity method (article 2426.1.4), the other equity investments are not written down since the higher carrying amount is justified by the gains and/or goodwill of investees.

Dividends

Dividends received are recognised when the Company obtains the right to collect them, following the resolution of an investee's shareholders or, in the case of a foreign subsidiary, of its governing body, to distribute profits or possibly, reserves.

Receivables

Receivables are recognised at amortised cost, considering the time value of money. In particular, the opening carrying amount is the nominal amount of the receivable, net of all premiums, discounts and allowances and inclusive of any costs directly attributable to the transaction that generated the receivable. The transaction costs, any commission income or expense and any difference between the initial amount and the nominal amount upon maturity are included in the calculation of the amortised cost, using the effective interest method.

The amortised cost and discounting methods are not applied when their effects are irrelevant pursuant to article 2423.4 of the Italian Civil Code. This is usually the case for current receivables (i.e., those due within one year) or when transaction costs, commissions and any other difference between the original and recoverable amounts at the due date are insignificant. In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. Transaction costs are recognised under prepayments in section D of balance sheet assets.

A specific bad debt provision is accrued to cover possible insolvency risks. The accrued amount is checked periodically and, in any case, at each reporting date, considering existing or probable bad debts and the general economic and sector conditions.

Liquid funds

These are recognised at their nominal amount, whereas bank and postal accounts are recognised at their estimated realisable value which, in this case, is the same as their nominal amount.

Payables

Payables are recognised at amortised cost, considering the time value of money. In particular, the opening carrying amount is the nominal amount of the payable, net of transaction costs and all bonuses, discounts and allowances derived directly from the transaction that generated the payable. The transaction costs, any commission income or expense and any difference between the initial amount and the nominal amount upon maturity are included in the calculation of the amortised cost, using the effective interest method.

The amortised cost and discounting methods are not applied when their effects are irrelevant pursuant to article 2423.4 of the Italian Civil Code. This is usually the case for current payables (i.e., those due within one year) or when transaction costs, commissions and any other difference between the original and recoverable amounts at the due date are insignificant. In this case, payables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. Transaction costs are recognised under prepayments in section D of balance sheet assets.

Derivatives

Derivatives are recognised on the date the Company signs the contract and is, therefore, subject to its rights and obligations.

Pursuant to article 2426.1.11-bis of the Italian Civil Code and OIC 32, derivative financial instruments, including those embedded in other financial instruments, are measured at fair value both upon initial recognition and at each subsequent reporting date. Fair value and changes therein compared to the previous year are recorded using

different methods, depending on whether the transaction in derivative financial instruments qualifies (and is actually designated) as a hedge of financial risks.

Transactions which do not qualify (or are not designated) as hedges

If the transaction does not qualify (or is not designated) as a hedge, fair value changes are recognised in section D in the profit and loss account "Adjustments to financial assets and liabilities". In accordance with article 2426.1.11-bis of the Italian Civil Code, the profits from the measurement of derivatives which are not designated as hedges are taken to a non-distributable net equity reserve.

Fair value calculation

In order to calculate the fair value of derivatives, the Company maximised the use of relevant observable parameters and minimised the use of unobservable parameters in accordance with the following fair value hierarchy:

Level	Description
1	market value (for financial instruments for which an active market can be easily identified)
2	amount obtained from the market value of a component of the instrument or a similar instrument (when the market value of an instrument cannot be easily identified, but it can be identified for its components or a similar instrument)
3	amount obtained from generally-accepted valuation models and techniques and such to ensure a reasonable approximation of market value (for instruments for which an active market cannot be easily identified)

Provisions for risks and charges

These are set aside to cover losses or payables of a certain or probable nature, whose amount or due date is not known at the reporting date. The amounts accrued represent the best estimate of costs based on the data available at the reporting date.

These provisions are measured in accordance with the general principle of prudence and on an accruals basis. No generic risk provision has been set up, as there are no economic reasons for doing so.

Contingent liabilities are recognised and provided for when considered probable and the related amount can be reasonably estimated.

Risks for which a liability is only possible are stated in the notes if significant, without any amount being accrued to the provision for risks and charges.

Employees' leaving entitlement (TFR)

This represents the actual amounts due to employees in accordance with the law and current national labour agreements, taking into account all forms of remuneration of an ongoing nature.

It is the total amount due to employees at the reporting date, net of any payments on account, in accordance with the supplementary pension reform introduced by Legislative decree no. 252 of 5 December 2005 as subsequently amended.

Since the Company has fewer than fifty employees, it is not required to allocate the amounts to supplementary

pension schemes under Legislative decree no. 252 of 5 December 2005 (or to transfer these to the INPS treasury), unless designated by the employee to do so.

Prepayments and accrued income, accrued expenses and deferred income

These are determined on an accruals basis.

For those of a long-term nature, the conditions which led to them being initially recognised have been checked and changes made as necessary.

Revenue and cost recognition

Revenues of a financial nature and those deriving from the provision of services are recognised on an accruals basis.

Costs for the purchase of materials are recognised upon transfer of title, which generally takes place at the time of delivery or shipment.

Costs of a financial nature and those deriving from the purchasing of services are recognised on an accruals basis. Revenues and income, costs and charges relating to transactions in foreign currency are calculated at the exchange rate ruling on the date the relevant transaction is completed.

Translation of foreign currency amounts

Receivables and payables originally expressed in foreign currencies, recognised at the exchange rates in force on the date they arose, are adjusted to closing rates or, in the event of hedges, at the contractual forward rate.

In particular, current assets and liabilities and non-current financial receivables are recognised at the spot exchange rate applicable at the reporting date. Exchange rate gains and losses arising from the translation of receivables and payables are taken to the profit and loss account item 17-bis Exchange rate gains and losses.

Any net gain on the translation of foreign currency amounts using closing rates forms part of the net profit or loss for the year and, when the financial statements and consequent allocation of the net profit or loss for the year to the legal reserve are approved, it is recognised in a non-distributable reserve.

Fixed assets in foreign currency are instead recognised at the exchange rate in force at the time of their purchase or at the lower reporting rate only if the negative changes result in permanent impairment of the fixed assets.

Income taxes

Taxes are provided for on an accruals basis; therefore they reflect:

- accruals for taxes paid or to be paid during the year, calculated in accordance with applicable rates and laws;
- deferred tax assets and liabilities on the temporary differences which arose or were eliminated during the year;
- adjustments to the deferred tax balances to reflect the changes in rates.

Deferred tax assets are recognised when it is reasonably certain that the Company will report a taxable profit in future years against which the temporary differences reverse.

Deferred tax assets and liabilities are calculated at the tax rate that will be applicable in the year in which the temporary differences reverse, in accordance with the tax regulations ruling at the reporting date.

From 2011, the Company, as a consolidated entity, has opted to participate in the national tax consolidation scheme – which allows for IRES (corporate income tax) to be calculated using a taxable base corresponding to the total of positive and negative taxable amounts of the individual participating companies – together with TOTO

HOLDING S.p.A., the latter acting as the tax parent. Financial transactions between the tax parent and consolidated companies, in addition to their mutual responsibilities and obligations, are set out in the Consolidation Regulations for group companies which was signed on 14 June 2014 and subsequently updated on 1 October 2021.

Guarantees, commitments, third-party assets and risks

Guarantees, commitments and third-party assets are shown at their contractual value.

The risks associated with guarantees given, personal guarantees and collateral for third-party payables are shown, to the extent of the amount of the guarantee given, in "Other information - Off-balance sheet commitments, guarantees and contingent liabilities". Commitments are stated at their nominal amount, based on the related documentation.

Risks for which a liability is probable are described in the notes and are adequately provided for in the provision for risks. Risks for which a liability is only possible are disclosed in the notes, but no amount is allocated to the provision for risks in accordance with the applicable reporting standards. Remote risks have not been taken into account.

Workforce

Changes in the workforce in 2021 are shown in the table below, with the breakdown by category.

Workforce at 31/12/2021

Breakdown	31/12/2021	31/12/2020	Changes of the year
Senior management	1	1	0
Executives	1	2	(1)
White collars	10	14	(4)
Total	12	17	(5)

Average workforce for 2021

Breakdown	31/12/2021	31/12/2020	Changes of the year
Senior management	1.0	1.0	0.0
Executives	1.0	2.0	(1.0)
White collars	11.0	13.7	(2.7)
Total	13.0	16.0	(3.7)

Balance sheet

Assets

B) Fixed assets

31/12/2021	31/12/2020	Changes of the year
182,805,711	144,192,857	38,612,854

I) Intangible fixed assets

31/12/2021	31/12/2020	Changes of the year
992,784	585,460	407,324

Change in intangible fixed assets

Description	31/12/2021	31/12/2020	Changes of the year
Industrial patents	4,121	5,956	(1,835)
Concessions, licences, trademarks and similar rights	0	3,520	(3,520)
Assets under development and payments on account	987,673	575,984	411,689
Other	990	0	990
Total	992,784	585,460	407,324

Industrial patents and intellectual property rights

Description	31/12/2020	Increases	Transferred balance	Amortisation	31/12/2021
Software licences	5,956	0	0	(1,835)	4,121
Total	5,956	0	0	(1,835)	4,121

The increases of the year relate to investments in application software. Amortisation is calculated over three or ten years, based on the type of software licence.

Concessions, licenses, trademarks and similar rights

Description	31/12/2020	Increases	Transferred balance	Amortisation	31/12/2021
Concessions, licences, trademarks and similar rights	3,520	0	0	(3,520)	0
Total	3,520	0	0	(3,520)	0

This item includes prior year capitalisations of the costs incurred to develop and register the Company's trademark in order to make it visible and appealing to the market.

Amortisation is calculated over ten years.

Assets under development and payments on account

Description	31/12/2020	Increases	Write-downs	Decrease	Amortisation	31/12/2021
Project development costs	575,984	411,689			0	987,673
Total	575,984	411,689	0	0	0	987,673

The increases of the year relate to the costs incurred to develop projects to obtain single authorisations (i.e., to acquire companies that hold such authorisations) in Italy.

Such costs will be re-invoiced to the SPV (Special Purpose Vehicle) if already set up or transferred to the SPV once the Company obtains the authorisations necessary for construction. These costs pertain to several years and their recovery is linked to the reasonable certainty that the construction permit will be obtained for the plant.

II) Tangible fixed assets

31/12/2021	31/12/2020	Changes of the year
129,486	50,628	78,858

Description	31/12/2021	31/12/2020	Changes of the year
Plant and machinery	91,807	12,339	79,468
Industrial and commercial equipment	8,300	0	8,300
Other assets	29,379	38,289	(8,910)
Total	129,486	50,628	78,858

As required by OIC 16. 89, there are no mortgages, pledges, liens or any other encumbrances of any kind on tangible fixed assets. In addition, no financial charges incurred for purchasing fixed assets were capitalised.

Changes in tangible fixed assets

Plant and machinery

Description	Amount
31/12/2020	12,339
Increase of the year	91,902
Depreciation of the year	(12,434)
31/12/2021	91,807

The item includes the anemometers purchased by the Company in previous years.

These assets, necessary for the preparatory studies for the development of projects, are depreciated over ten years. No new investments were made during the year.

Industrial and commercial equipment

Description	Amount
31/12/2020	0
Purchases of the year	10,375
Depreciation of the year	(2,075)
31/12/2021	8,300

This item includes the equipment used by the plant in order to develop projects.

During the year, the Company purchased mainly thermal imaging cameras and air speed transmitters. Equipment is depreciated at a rate of 40% (halved in the first year of operation of the asset).

Other assets

Description	Amount
31/12/2020	38,289
Purchases of the year	6,999

Sales of the year	(728)
Depreciation of the year	(15,181)
31/12/2021	29,379

This item comprises "Office equipment" and "Cars". The residual amount is equal to € 29 thousand, depreciated at 20% (halved in the first year of operation of the asset).

III) Financial fixed assets

31/12/2021	31/12/2020	Changes of the year
181,683,441	143,556,769	38,126,672

Description	31/12/2021	31/12/2020	Changes of the year
Equity investments	17,981,822	12,693,901	5,287,921
Financial receivables	163,701,619	130,862,868	32,838,751
Total	181,683,441	143,556,769	38,126,672

Equity investments

Company	31/12/2020	Increases	Decreases	Transfer	Write-downs	31/12/2021
Subsidiaries	12,681,078	5,357,037	0	0	(69,116)	17,968,999
Other companies	12,823	0	0	0	0	12,823
Total	12,693,901	5,357,037		0	(69,116)	17,981,822

Investments in subsidiaries are recognised at purchase cost including any ancillary charges. The changes of the year include increases totalling € 5,357 thousand and decreases totalling € 66 thousand.

"Increases" refer to:

- the acquisition of an investment in CW1 on 25 October 2021 (€ 905 thousand);
- the incorporation of Med Wind Italia on 15 March 2021 for a consideration of € 80 thousand and the subsequent waiver of the receivable (€ 600 thousand);
- the capital contribution (€ 2,460 thousand) made during the year in favour of the subsidiary Renexia Wind Offshore S.p.A.;
- the waiver of the receivable (€ 10 thousand) made during the year in favour of the subsidiary Good Wind S.r.l.;
- the waiver of the receivable (€ 10 thousand) and the capital contribution (€ 5 thousand) made during the year in favour of the subsidiary Spartivento S.r.l.;
- the waiver of the receivable (€ 10 thousand) and the capital contribution (€ 4 thousand) in favour of the subsidiary Calabria Energia S.r.l.;
- the capital contribution (€ 16 thousand) in favour of Volere Volare S.r.l.;

- the capital contribution (€ 10 thousand) in favour of Indaco S.r.l.;
- the capital contribution (€ 1,246 thousand) in favour of Renexia Pech S.p.A..

The transactions were concluded with the aim of providing the subsidiaries with the necessary financial and equity resources further the development of their respective businesses.

"Decreases", of € 66 thousand, refer to the write-down of the investment in MED WIND following the subsidiary's decision to cease operations, and the write-downs of the investments in INDACO (€ 8 thousand), VOLERE VOLARE (€ 16 thousand), GOOD WIND (€ 7 thousand), SPARTIVENTO (€ 7 thousand) and CALABRIA ENERGIA (€ 7 thousand) in order to bring their carrying amount into line with their net equity.

With respect to "Equity investments", information about investees and their business activities in 2021 is provided below. As set out in article 2426.3 of the Italian Civil Code, the difference in the carrying amount of the equity investments and the corresponding carrying amount determined using the equity method is justified below. The amounts in the following table refer to the financial statements of the subsidiaries at 31 December 2021.

Company	City or foreign country	Share/quota capital	% of invest.	Net equity (deficit)	Net profit/loss	Equity method	Carrying amount
Renexia Services S.r.l.	Chieti	€ 100,000	70.00%	7,559,447	5,166,149	9,841,613	170,000
US Wind	USA	\$ 100,000	80.00%	8,124,156	25,084,112	124,817,065	1,023,464
Medwind	Tunisia	5,000 dinars	80.00%	(77,754)	(55,023)	(62,203)	0
Renexia Wind Offshore S.p.A.	Chieti	€ 50,000	100.00%	1,655,827	(3,228,880)	1,655,827	10,653,000
Good Wind S.r.l.	Chieti	€ 10,000	100.00%	53,158	(7,173)	53,158	53,158
Spartivento S.r.l.	Chieti	€ 10,000	100.00%	41,887	(7,193)	41,887	41,887
Calabria Energia S.r.l.	Chieti	€ 10,000	100.00%	53,440	(7,342)	53,440	53,440
Indaco S.r.l.	Chieti	€ 10,000	100.00%	12,945	(8,139)	12,945	12,945
Volere Volare S.r.l.	Chieti	€ 10,000	100.00%	6,902	(15,772)	6,902	6,902
Renexia Pech S.p.A.	Chieti	€ 1,000,000	100.00%	2,345,983	(873,662)	2,345,983	4,275,735
Renexia Recharge S.r.l.	Chieti	€ 10,000	100.00%	8,611	(76,389)	8,611	93,196
Med Wind Italia S.r.l.	Chieti	€ 100,000	80.00%	214,369	(485,631)	171,495	680,000
CW1	Chieti	€ 50,000	100.00%	43,952	(8,336)	43,952	905,272
Total							17,968,999

(*) Since the Company does not prepare consolidated financial statements pursuant to article 27.3 of Legislative decree no. 127 of 9 April 1991, this amount refers to the net equity of subsidiaries calculated using the net equity method.

1) Renexia Wind Offshore S.p.A.

On 18 May 2018, the subsidiary acquired Beleolico S.r.l., which owns the authorisation to build an off-shore wind farm in the Taranto port area, consisting of ten wind generators producing a total of 30 MW. Specifically, Beleolico S.r.l. owns: the (i) Single Authorisation from the Puglia region, (ii) the concession for the relevant body of water and, meanwhile, (iii) won a feed-in tariff (FIT) in the latest FER2016 auction.

The recoverability of the carrying amount of the investment is confirmed by the business plan of Beleolico S.r.l., which confirms that once the wind farm is up and running it will generate profits throughout the period covered by the long-term plan, prepared in line with industry practice, that will enable the Company to recover the above difference in respect of the carrying amount of Renexia Wind Offshore.

2) Renexia Pech S.p.A.

Renexia Pech is a special-purpose vehicle used by the Group to develop the project for the construction of the wind farm. The subsidiary Parco Eolico Casalduni House S.r.l. holds the relevant authorisation.

The investment is recognised at its incorporation cost. The difference between the carrying amount of the equity investment and the amount resulting from the application of the equity method does not configure an impairment loss. Indeed, according to the long-term business plan of PECH, prepared in line with industry practice, the Company will generate profits that will enable it to recover the above difference in respect of the carrying amount of RENEXIA PECH.

3) Renexia Recharge S.r.l.

The company was incorporated on 2 December 2019 and is involved in the development of projects related to the distribution of charging stations for electric vehicles on Italy's road and motorway network. During 2020, the subsidiary started the planning and development of charging stations for electric vehicles at the rest areas of the A24/A25 motorway granted in concession to Strada dei Parchi S.p.A., a company of the Toto Group.

The equity investment is recognised at incorporation cost together with the waivers of receivables which demonstrate the commitment to increase the equity of the subsidiary to support its activities. The carrying amount of the equity investment exceeds the subsidiary's net equity at 31 December 2021. This difference is deemed recoverable depending on how the start-up phase of the initiative will play out: according to the business plan, profits will be guaranteed in future years to recover the higher amount recognised.

4) Med Wind Italia S.r.l.

The company, which was incorporated on 15 March 2021, is involved in the development and construction of wind farms, including off shore. During the year, it began the study and design of a wind farm off the port of Trapani for a total of 850 square kilometres.

The equity investment is recognised at incorporation cost together with the waivers of receivables which demonstrate the commitment to increase the equity of the subsidiary to support its activities. The carrying amount of the equity investment exceeds the subsidiary's net equity at 31 December 2021. This difference is deemed recoverable depending on how the start-up phase of the initiative will play out: according to the business plan, profits will be guaranteed in future years to recover the higher value recognised in the financial statements.

Receivables

Description	31/12/2021	31/12/2020	Changes of the year
From subsidiaries	36,413,517	29,264,821	7,148,696
From parents	127,287,588	101,598,047	25,689,541
From others	460	0	460
Total	163,701,619	130,862,868	32,838,751

Description	31/12/2020	Increases	Reclassifications	Decreases	31/12/2021
From subsidiaries	29,264,821	12,777,877	0	(5,629,127)	36,413,571
From parents	101,598,047	40,043,855	0	(14,354,314)	127,287,588
From others	0	460	0	0	460
Total	130,862,868	52,822,192	0	(19,983,441)	163,701,619

"From subsidiaries", which amount to € 36,414 thousand, increased by € 7,159 thousand during the year. The decreases (€ 5,629 thousand) mainly refer to the receivable waived by the Company in favour of its subsidiaries (€

5,357 thousand), as described in detail in the note to "Equity investments".

For the sake of greater clarity, changes in receivables from subsidiaries are shown in the table below:

Description	31/12/2020	Increases	Reclassifications	Decreases	31/12/2021
Renexia Wind Offshore S.p.A.	26,480,781	5,564,857		(2,460,000)	29,585,638
Good Wind S.r.l.	232	10,071		(10,231)	72
Spartivento S.r.l.	210	10,001		(10,211)	0
Calabria Energia S.r.l.	227	10,073		(10,228)	72
Indaco S.r.l.	168	72		0	240
Volere Volare S.r.l.	176	10,084		0	10,260
Beleolico S.r.l.	247	2,309		(1,928)	628
Renexia Pech. S.p.A.	2,781,048	1,977,500		(2,535,711)	2,222,837
US Wind Inc	818	0		(818)	0
MedWind Sarl	0	0		0	0
Renexia Recharge S.r.l.	914	158,336		0	159,250
Med Wind Italia S.r.l.	0	4,531,654		(600,000)	3,931,654
CW1	0	502,920			502,920
Total	29,264,821	12,777,877	0	(5,629,127)	36,413,571

The bad debt provision did not change during the year.

Description	31/12/2020	Increases	Decreases	31/12/2021
Subsidiaries	147,000	0	0	147,000
Total	147,000	0	0	147,000

"From parents", which amount to € 127,288 thousand, increased by a net € 25,699 thousand in 2021 as a result of disbursements totalling € 40,044 thousand and reimbursements of € 14,354 thousand.

The breakdown of receivables by geographical area at 31 December 2021 is shown in the table below (article 2427.1.6 of the Italian Civil Code).

Description	From subsidiaries	From parents	From others	Total
Italy	36,413,571	127,287,588	460	163,701,619
Non-EU	0			0
Total	36,413,571	127,287,588	460	163,701,619

C) Current assets

II) Receivables

31/12/2021	31/12/2020	Changes of the year
3,539,833	4,265,557	(725,724)

Description	31/12/2021	31/12/2020	Total
Trade receivables	781	2,123,740	(2,122,959)

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

From subsidiaries	1,089,324	498,857	590,467
From parents	860,446	71,965	788,481
From subsidiaries of parents	16,625	3,150	13,475
Tax receivables	562,944	782,018	(219,074)
Deferred tax assets	5,044	51,235	(46,191)
From others	1,004,669	734,592	270,077
Total	3,539,833	4,265,557	(725,724)

Description	Due within one year	Due after one year	Due after five years	Total
Trade receivables	781			781
From subsidiaries	1,089,324			1,089,324
From parents	860,446			860,446
From subsidiaries of parents	16,625			16,625
Tax receivables	562,944			562,944
Deferred tax assets	5,044			5,044
From others	409,273	538,372	57,024	1,004,669
Total	2,944,437	538,372	57,024	3,539,833

"Trade receivables" (€ 1 thousand) includes amounts relating to the services provided. The € 2,122 thousand decrease is due to the settlement of a dispute concerning the sale of the investment in Ponte Albanito S.r.l. during the year, as described in the "Significant events of the year" section of these notes.

"From subsidiaries" (€ 1,089 thousand) include trade receivables which may be analysed as follows:

- € 253 thousand from Parco Eolico Casalduni House S.r.l. consisting of trade receivables for the technical services provided to the subsidiary;
- € 73 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 253 thousand from US Wind Inc. consisting of trade receivables for the technical services provided to the subsidiary;
- € 43 thousand from Renexia Recharge S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 387 thousand from Beleolico S.r.l. consisting of trade receivables for the technical services provided to the subsidiary;
- € 153 thousand from Med Wind Italia S.r.l. consisting of trade receivables for technical services provided to the subsidiary;
- € 4 thousand from the mini-wind farm companies for the technical services provided to the subsidiaries.

"From parents" (€ 860 thousand) include the amount due from Toto Holding S.p.A. in connection with the tax consolidation arrangement for 2021 (€ 845 thousand) and the receivable due for the services provided to the parent during the year (€ 15 thousand).

"From subsidiaries of parents" (€ 17 thousand) include the amounts due from other group companies in connection with the administrative services provided during the year.

"Tax receivables", totalling € 563 thousand, include the VAT receivable at the reporting date (€ 548 thousand) and

the IRAP (regional production tax) receivable for payments on account made in prior years (€ 15 thousand).

"Deferred tax assets" (€ 5 thousand) include the deferred tax assets calculated on non-deductible amortisation charges for trademarks, calculated using the tax rates that are expected to be enacted in the tax periods in which they will reverse.

"From others" (€ 1,004 thousand) comprise receivables from employees totalling € 944 thousand, advance payments to suppliers for services totalling € 11 thousand and guarantee deposits totalling € 49 thousand.

There were no changes in the bad debt provision as shown below:

Description	31/12/2020	Increases	Reclassifications	Decreases	31/12/2021
Subsidiaries	571,806	0	0	0	571,806
Total	571,806	0	0	0	571,806

The breakdown of receivables by geographical area at 31 December 2021 is provided in the table below (article 2427.1.6 of the Italian Civil Code).

Description	Trade receivables	From subsidiaries	From parents	From subsidiaries of parents	Tax receivables	Deferred tax assets	From others	Total
Italy	781	912,690	860,446	16,625	562,944	5,044	1,004,669	3,363,199
EU								0
Non-EU		176,634						176,634
Total	781	1,089,324	860,446	16,625	562,944	5,044	1,004,669	3,539,833

III) Current financial assets

Equity investments

Description	31/12/2021	31/12/2020	Changes of the year
Equity investments	46,843	46,843	0
Total	46,843	46,843	0

Company	31/12/2020	Capital contributions	Sales	Reclassifications	31/12/2021
Intersun S.r.l.	46,843	0	0		46,843
Total	46,843	0		0	46,843

This item, of € 47 thousand, includes the 5% share of Intersun S.r.l.. This percentage represents the share to be transferred to the buyer of the Company as soon as certain conditions provided for in the equity investment sale agreement signed in 2020 are met. During the year, these conditions were not met. Consequently, the residual investment held by Renexia was not transferred.

IV) Liquid funds

31/12/2021	31/12/2020	Changes of the year
3,781,780	135,365	3,646,415

Description	31/12/2021	31/12/2020	Changes of the year
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Bank and postal accounts	3,774,998	124,854	3,650,144
Cash-in-hand and cash equivalents	6,782	10,511	(3,729)
Total	3,781,780	135,365	3,646,415

The balance represents liquid funds and cash equivalents at the reporting date.

D) Prepayments and accrued income

31/12/2021	31/12/2020	Changes of the year
65,442	79,915	(14,473)

Description	31/12/2021	31/12/2020	Changes of the year
Accrued income	20,310	0	20,310
Prepayments	45,132	79,915	(34,783)
Total	65,442	79,915	(14,473)

This item reflects income and expenses pertaining to previous or future years with respect to the related payment or collection. These are recognised regardless of the date of payment or receipt of the respective income and expenses, which relate to two or more years and can be allocated over time. The balance at 31 December 2021 mainly relates to the down payment for a car lease.

Liabilities

A) Net equity

(article 2427.1.4, 7 and 7-bis of the Italian Civil Code)

31/12/2021	31/12/2020	Changes of the year
139,010,401	102,755,405	36,254,996

Description	31/12/2020	Increases	Decreases	31/12/2021
Share capital	5,000,000			5,000,000
Share premium reserve	528,216			528,216
Legal reserve	1,000,000			1,000,000
Reserve for future capital increases	10,800,000			10,800,000
Retained earnings	13,841,495	71,585,695		85,427,190
Net profit for the year	71,585,694	36,254,995	(71,585,694)	36,254,995
Total	102,755,405	107,840,690	(71,585,694)	139,010,401

Changes in net equity may be analysed as follows.

Description	Share capital	Share premium reserve	Legal reserve	Reserve for future capital increases	Retained earnings	Net profit for the year	Total
31 December 2019	5,000,000	528,216	921,296	10,800,000	11,267,642	9,652,557	38,169,711
<i>Allocation of net profit</i>							
-Payment of dividend						(7,000,000)	(7,000,000)
-Other allocations			78,704		2,573,853	(2,652,557)	0
Net profit for the year						71,585,694	71,585,694
31 December 2020	5,000,000	528,216	1,000,000	10,800,000	13,841,495	71,585,694	102,755,405
<i>Allocation of net profit</i>							
-Retained earnings					71,585,694	(71,585,694)	0
Net profit for the year						36,254,995	36,254,995
Rounding					1		1
31/12/2021	5,000,000	528,216	1,000,000	10,800,000	85,427,190	36,254,995	139,010,401

Shares	No.	Nominal amount in €
Ordinary shares	50,000	100
Total	50,000	100

Net equity items are broken down as follows by origin, possible utilisation, distribution and utilisation in the

previous three years:

Type / Description	Amount	Possible use (*)	Available portion	Utilisation in the past 3 years to cover losses	Utilisation in the past 3 years for other reasons
Share capital	5,000,000				
Share premium reserve	528,216	A,B,C	528,216		
Legal reserve	1,000,000	B	1,000,000		
Reserve for future capital increases	10,800,000	A,B,C	10,800,000		
Retained earnings	85,427,190	A,B,C	85,427,190	11,267,642	
Total	102,755,406		97,755,406	11,267,642	
Non-distributable amount			1,640,643		
Residual distributable amount			96,114,763		

(*) A: for capital increase; B: to cover losses; C: distribution to shareholders

B) Provisions for risks and charges

31/12/2021	31/12/2020	Changes of the year
316,399	3,768,147	(3,451,748)

Description	31/12/2021	31/12/2020	Changes of the year
Tax provision, including deferred tax liabilities	0	2,520	(2,520)
Derivatives	316,399	278,364	38,035
Other provisions	0	3,487,263	(3,487,263)
Total	316,399	3,768,147	(3,451,748)

"Derivatives" (€ 316 thousand) include the fair value measurement of the put/call option provided for in the sales agreement of the minority investment in US Wind. For further information on how the value of the option was determined, reference should be made to the section "Information on the fair value of derivatives" in this document.

"Other provisions" (€ 0 thousand) decreased as a result of the settlement of the dispute brought about by Energy & Technical Services S.r.l. ("ETS") against C.v.a. S.p.A. following the sale of the investment in Ponte Albanito S.r.l. (which took place in January 2015). In 2021, the Company paid compensation to the new owner, C.v.a. S.p.A., in accordance with the ruling of the L'Aquila Court. For further information, reference should be made to the "Significant events of the year" section of the management report.

C) Employees' leaving entitlement

31/12/2021	31/12/2020	Changes of the year
118,822	138,167	(19,345)

Description	31/12/2020	Increase	Advances/payments	31/12/2021
Employees' leaving entitlement	138,167	69,977	(89,322)	118,822
Total	138,167	69,977	(89,322)	118,822

This provision represents the actual amount due to employees in accordance with the law and current employment contracts, taking into account all forms of remuneration of an ongoing nature at 31 December 2021.

It comprises the individual amounts accrued in favour of employees at the reporting date net of the advances paid. Therefore, the payable is equal to the amount that would be due to the employees should their employment relationship be terminated on said date.

Since Renexia S.p.A. has fewer than 50 employees, it is not required to allocate the amounts to supplementary pension schemes under Legislative decree no. 252 of 5 December 2005 (or to transfer these to the INPS treasury), unless designated by the employee to do so.

D) Payables

(article 2427.1.4 of the Italian Civil Code)

31/12/2021	31/12/2020	Changes of the year
50,787,184	42,056,684	8,730,500

Description	31/12/2021	31/12/2020	Changes
Bank loans and borrowings	4,901,237	4,736	4,896,501
Trade payables	721,499	609,714	111,785
Payables to subsidiaries	38,351,378	35,383,830	2,967,548
Payables to parents	801,961	325,536	476,425
Payables to subsidiaries of parents	270,336	232,893	37,443
Tax payables	5,384,558	4,891,134	493,424
Social security charges payable	57,585	134,223	(76,638)
Other payables	298,630	474,618	(175,988)
Total	50,787,184	42,056,684	8,730,500

Payables are measured at their nominal amount and may be analysed by due date as follows (article 2427.1.6 of the Italian Civil Code).

Description	Due within one year	Due after one year	Due after five years	Total
Bank loans and borrowings	350,316	3,906,270	644,651	4,901,237
Trade payables	651,295	70,204		721,499
Payables to subsidiaries	38,351,378			38,351,378
Payables to parents	801,961			801,961
Payables to subsidiaries of parents	270,336			270,336
Tax payables	5,366,845	17,713		5,384,558
Social security charges payable	57,585			57,585
Other payables	298,630			298,630
Total	46,148,346	3,994,187	644,651	50,787,184

"Bank loans and borrowings" (€ 4,901 thousand) essentially comprise the unsecured loan assisted by SACE guarantee pursuant to the Decree law dated 8 April 2020 (the "Liquidity decree"), agreed with Banca Progetto S.p.A. on 6 July.

"Trade payables" total € 721 thousand. The item comprises amounts due to suppliers for goods and services acquired during the year for normal business activities.

"Payables to subsidiaries" (€ 38,351 thousand) refer to the closing balance of the loans received from Renexia Services S.r.l. (€ 37,255 thousand) and invoices to be received from US Wind Inc. (€ 1,096 thousand). Interest accrues on the loans received in accordance with the contract signed between the parties, which regulates intragroup money remittances.

"Payables to parents" (€ 802 thousand) refer entirely to trade payables for services received.

"Payables to subsidiaries of parents" (€ 270 thousand) include:

- Trade payables to the related company Strada dei Parchi S.p.A. amounting to € 41 thousand.

- Trade payables to the related company Toto Tech S.r.l. amounting to € 34 thousand;
- Trade payables to the related Toto Real Estate S.p.A. amounting to € 150 thousand;
- Trade payables to the related company TOTO S.p.A. Costruzioni Generali amounting to € 37 thousand;
- Trade payables to the related company Ambra S.r.l. amounting to € 8 thousand.

"Tax payables" (€ 5,385 thousand) mainly refer to the amount due to the tax authorities for withholdings on employees' remuneration and freelancers' fees (€ 1,579 thousand), VAT payable in instalments (€ 48 thousand) and amounts due to the tax authorities for withholdings on dividends paid (€ 3,756 thousand).

"Social security charges payable" (€ 58 thousand) refer to the amounts accrued during the year and payable to the INPS, INAIL and PREVIDAI social security institutes and supplementary pension funds.

"Other payables" (€ 298 thousand) mainly include:

- payables to the board of statutory auditors (€ 36 thousand);
- payables to employees for December remuneration, paid in January 2022, the 14th-month pay, holiday and leave pay accrued at the reporting date and still to be paid (€ 262 thousand).

The breakdown of payables by geographical area at 31 December 2021 is shown in the table below (article 2427.1.6 of the Italian Civil Code).

Description	Bank loans and borrowings	Trade payables	Payables to subsidiaries	Payables to parents	Payables to subsidiaries of parents	Tax payables	Social security charges payable	Other payables	Total
Italy	4,901,237	721,499	38,277,996	801,961	270,336	5,384,558	57,585	298,630	50,713,802
EU									0
Non-EU			73,382						73,382
Total	4,901,237	721,499	38,351,378	801,961	270,336	5,384,558	57,585	298,630	50,787,184

E) Accrued expenses and deferred income

31/12/2021	31/12/2020	Changes of the year
6,803	2,134	4,669

Description	31/12/2021	31/12/2020	Changes of the year
Accrued expenses	6,803	2,134	4,669
Total	6,803	2,134	4,669

These are adjusting entries for the year calculated on an accruals basis. The item amounts to € 7 thousand at 31 December 2021.

Profit and loss account

A) Production revenues

31/12/2021	31/12/2020	Changes of the year
753,764	511,024	242,740

Description	31/12/2021	31/12/2020	Change of the year
Turnover from sales and services	529,111	498,680	30,431
Internal work capitalised	0	0	0
Other revenues and income	224,653	12,344	212,309
Total	753,764	511,024	242,740

Turnover from sales and services (€ 529 thousand) include:

- services provided to the US subsidiary US Wind Inc. (€ 63 thousand) ;
- services provided to the subsidiary Renexia Services S.r.l. (€ 29 thousand);
- services provided to the Tunisian subsidiary MedWind Italia S.r.l. (€ 85 thousand);
- services provided to the subsidiary Parco Eolico Casalduni House S.r.l. (€ 103 thousand);
- services provided to the subsidiary Beleolico S.r.l. (€ 210 thousand);
- services provided to the subsidiary Renexia Recharge S.r.l. (€ 5 thousand);
- services provided to the related company Infraengineering S.r.l. (€ 13 thousand);
- services provided to the parent Toto Holding S.p.A. (€ 12 thousand);
- services provided to other group companies (€ 9 thousand).

Revenues by business segment

Description	31/12/2021	31/12/2020	Changes of the year
Other revenues from investment management	0	0	0
Technical and administrative services	529,111	498,680	30,431
Total	529,111	498,680	30,431

Revenues by geographical area

Description	Technical and administrative services	Other revenues	Total
Italy	465,732	0	465,732
EU	0	0	0
Non-EU	63,379	0	63,379
Total	529,111	0	529,111

B) Production cost

31/12/2021	31/12/2020	Changes of the year
9,731,966	8,416,533	1,315,433

Description	31/12/2021	31/12/2020	Changes of the year
Raw materials, supplies and goods	40,013	43,642	(3,629)
Services	3,388,483	2,908,212	480,271
Use of third-party assets	391,826	317,936	73,890
Wages and salaries	1,925,592	3,029,174	(1,103,582)
Social security contributions	268,000	240,322	27,678
Employees' leaving entitlement	96,458	95,365	1,093
Other costs	340	(1,623)	1,963
Amortisation of intang. fixed assets	5,685	7,635	(1,950)
Depreciation of tang. fixed assets	29,691	23,146	6,545
Other write-downs of fixed assets	0	0	0
Write-downs of current receivables	0	571,806	(571,806)
Other provisions	292,942	0	292,942
Other operating costs	3,292,936	1,180,918	2,112,018
Total	9,731,966	8,416,533	1,315,433

The breakdown of production cost is as follows:

The main changes compared to the previous year refer to:

- services, which increased by € 480 thousand;
- personnel costs, which decreased by € 1,104 thousand;
- other operating costs, which rose by € 2,112 thousand. The increase is mainly due to a two-fold effect: the rise in withholding taxes on the dividends paid during the year by the parent US Wind (€ 1,129 thousand) and the increase in the pro rata VAT of the year (€ 813 thousand).

The main cost items are described below.

Raw materials, supplies and goods (€ 40 thousand)

Raw materials, consumables, supplies and goods include costs for fuel (€ 27 thousand) which is the most significant item.

Services (€ 3,388 thousand)

Costs for services consist primarily of:

- Administrative services (€ 1,361 thousand);
- Business and technical advisory services (€ 465 thousand);
- Public relations (€ 244 thousand);
- Advertising (€ 253 thousand);
- Commissions on sureties (€ 216 thousand);
- Travel, food and lodging expenses (€ 59 thousand);
- Fees to the Board of Statutory Auditors (€ 35 thousand);

- Legal advisory services (€ 169 thousand);
- Research, training and education (€ 54 thousand);
- Insurance (€ 33 thousand);
- Other costs (€ 365 thousand).

Use of third-party assets (€ 392 thousand)

This item is essentially related to the lease of the offices used by the Company and the related utility charges paid to Toto Real Estate S.r.l..

Personnel expenses (€ 2,290 thousand)

This item comprises all personnel expenses, including promotions, bonuses, career advancements, seniority raises, paid holidays accrued but not taken and accruals required by law and collective employment contracts.

Amortisation/depreciation of intangible (€ 6 thousand) and tangible (€ 30 thousand) fixed assets

For information about the "amortisation of intangible fixed assets" and the "depreciation of tangible fixed assets", reference should be made to the relevant notes which provide details on the changes and rates used.

Other operating costs (€ 3,293 thousand)

The balance of this item comprises:

- withholding taxes related to the reimbursement of part of the capital contribution by the US subsidiary US Wind Inc. (€ 1,990 thousand).
- Impact of the pro rata VAT of the year (€ 829 thousand).

C) Financial income and charges

31/12/2021	31/12/2020	Changes of the year
44,539,988	80,187,622	(35,647,634)

Description	31/12/2021	31/12/2020	Change of the year
Income from equity investments (sale)	0	80,248,093	(80,248,093)
Income from equity investments (dividends)	39,803,875	0	39,803,875
Income from financial receivables classified as fixed assets	5,808,716	2,926,452	2,882,264
Other financial income	18,683	0	18,683
(Interest and financial charges to parents)	(58,429)	1,468	(59,897)
(Interest and financial charges to subsidiaries)	(1,408,430)	(1,257,703)	(150,727)
(Interest and other financial charges)	(170,712)	(2,410,420)	2,239,708
Net exchange rate gains	546,285	679,732	(133,447)
Total	44,539,988	80,187,622	(35,647,634)

"Income from equity investments" amounts to € 39,803 thousand and comprises the dividends distributed by the subsidiary US Wind Inc during the year.

"Income from financial receivables classified as fixed assets" includes the interest accrued on loans granted to subsidiaries and to the parent (€ 5,808 thousand).

Financial charges consist of interest expense accrued during the year on loans received by subsidiaries (€ 1,408 thousand), interest accrued on the existing loans and fees paid for services received by financial intermediaries (€ 170 thousand).

D) Adjustments to financial assets

31/12/2021	31/12/2020	Changes of the year
(107,151)	(742,632)	635,481

Description	31/12/2021	30/06/2021	Changes of the year
Equity investments	(69,116)	(742,632)	673,516
Financial fixed assets	0	0	0
Derivatives	(38,035)	0	(38,035)
Total	(107,151)	(742,632)	635,481

The € 107 thousand balance is the result of (i) the write-down of the investment in the Tunisian MED WIND (€ 23 thousand) (ii) the write-downs of the investments in mini-wind farm companies INDACO (€ 8 thousand), VOLERE VOLARE (€ 16 thousand), GOOD WIND (€ 7 thousand), SPARTIVENTO (€ 7 thousand) and CALABRIA ENERGIA (€ 7 thousand) and (ii) the fair value measurement of the put/call option agreed as part of the sale of a minority investment in US WIND (€ 38 thousand).

Income taxes for the year

31/12/2021	31/12/2020	Changes of the year
(800,401)	(471,577)	(328,824)

Taxes	31/12/2021	31/12/2020	Change of the year
Current taxes:	0	0	0
IRES (corporate income tax)	0	0	0
IRAP (regional tax on production)	0	0	0
Change in deferred tax liabilities (assets)	43,671	(4,559)	48,230
IRES (assets)	46,191	(4,559)	50,750
IRES (liabilities)	(2,520)	0	(2,520)
IRAP (regional tax on production)	0	0	0
(Income) expense from participation in the national tax consolidation scheme	(844,657)	(70,716)	(773,941)
Prior year taxes	585	(396,302)	396,887
Total	(800,401)	(471,577)	(328,824)

2020 ended with a tax base that was negative for IRAP purposes.

“(Income) expense from participation in the national tax consolidation scheme” represents the tax benefit or charge transferred to the tax parent as a result of participation in the National Tax Consolidation Scheme.

The table below shows the reconciliation between the tax charge in the financial statements and the theoretical tax charge under the tax consolidation scheme:

Reconciliation between the tax charge shown in the financial statements and the theoretical tax charge (IRES)

Description	31/12/2021	Taxes
-------------	------------	-------

Profit before taxes	35,454,593	
Theoretical tax charge (%)	24.00%	8,509,102
Temporary differences that will reverse in subsequent years:		
Non-deductible amortisation/depreciation	636	
Unrealised exchange rate losses	94,350	
	94,986	
Differences that will not reverse in subsequent years		
Non-deductible write-downs and provisions	0	
Withholding tax (paid in the US)	1,990,194	
Other increases	720,678	
	2,805,858	
Dividends recognised in 2021	37,813,681	
Utilisation of provisions	3,107,506	
Other decreases	858,668	
	41,779,855	
Overall tax loss	(3,519,404)	
Loss utilised by the Group (tax consolidation)	(3,519,405)	
(Income) arising from consolidation (on utilised loss)	24.00%	(844,657)
Loss not utilised (on which deferred tax assets are calculated)	0	
Deferred tax assets as per the tax consolidation (IRES)	24.00%	0

Leases

The Company is party to a lease. Pursuant to article 2427.22.22 of the Italian Civil Code and in accordance with the instructions set out in OIC 1, the following table provides information on the impact that leases would have had on net equity and the profit and loss account had they been recognised using the financial method rather than the so-called liability method of charging the instalments paid to the profit and loss account.

Table 94 – Effect of leases recognised using the financial method

Assets		31/12/2021
a) Contracts in progress		
Leased assets at the end of the previous year, net of prior year depreciation		98,778
+ Leased assets acquired during the year		0
- Leased assets purchased during the year		0
- Depreciation of the year		(43,123)
- Reversal of the provision for purchased assets		0
- Write-downs/write-backs of assets under financial lease		7,428
- Reversal of the provision for assets sold or no longer held		
Leased assets at the end of the year, net of depreciation		63,083
b) Assets purchased		
Higher total value of assets purchased, determined based on the financial method, compared to the carrying amount at the reporting date		
c) Liabilities		
Lease payments at the end of the previous year		112,466
+ Residual payments arising during the year		0
- Reductions due to repayment of principal and purchases during the year		(24,351)
- Reductions due to assignment of contracts during the year		
Finance lease payments at the end of the year		88,115
d) Total gross effect at year end (a+b-c)	Effect on NE	(25,032)
e) Net tax effect	Tax	(7,214)
f) Effect on net equity at the end of the year (d-e)		(8,075)
<i>The impact on the profit and loss account can be broken down as follows:</i>		
Reversal of lease payments		28,572
Reversal of lease down payment		7,428
Recognition of financial charges on leases		(4,221)
Recognition of accumulated depreciation		(43,123)
Effect on profit before taxes	Effect on PL	(11,344)
Recognition of the tax effect	Tax	(3,269)
Net effect of recognition of leases with the financial method on the net profit for the year		(8,075)

Other information

Commitments, guarantees given and contingent liabilities

31/12/2021	31/12/2020	Changes of the year
25,827,679	75,995,577	(50,167,898)

Description	31/12/2021	31/12/2020	Changes of the year
Risks	25,827,679	75,995,577	(50,167,898)
Commitments	0	0	0
Total	25,827,679	75,995,577	(50,167,898)

Pursuant to article 2427.9 of the Italian Civil Code, the following guarantees were issued at 31 December 2021:

- € 2,500 million for the guarantee requested of the Company by the buyer for the sale of Ponte Albanito S.r.l. as the "*maximum liability*" for violation of contractual representations and warranties;
- € 888 thousand, equal to the value, at 31 December 2021, of the surety issued by the Company in favour of the subsidiary US Wind Inc. as a guarantee for the loan granted to the latter by the Maryland Energy Administration;
- € 19,304 thousand in favour of the subsidiary Renexia Services S.r.l. to guarantee the contracts signed with several suppliers;
- € 3,090 thousand in favour of the US subsidiary US Wind Inc.;
- € 45 thousand in favour of other subsidiaries.

At 31 December 2021, there are no off-balance sheet commitments or contingent liabilities.

Revenue or cost components of a significant amount or unusual impact

Pursuant to article 2427.13 of the Italian Civil Code, no such components were recognised during the year.

Information about government grants received

In accordance with article 1.125-129 of Law no. 124/2017 (subsequently redrafted by article 35 of Decree law no. 34/2019) on government grants received by the Company, it is noted that, during the year, the Company did not receive government grants of more than € 10,000.00. Therefore, in compliance with the provisions of point 127 of said article, additional details about such grants are not provided in these financial statements.

Directors' and statutory auditors' fees

The table below shows the fees paid to directors and statutory auditors pursuant to article 2427.16 of the Italian Civil Code.

Position	2021	2020
Directors	€ 240,000	€ 208,000
Board of Statutory Auditors	€ 35,000	€ 36,500

No advances or loans were granted to directors or statutory auditors.

Independent auditors' fees

Pursuant to article 2427.16-bis of the Italian Civil Code, the fees paid in 2021 to the independent auditors and their network companies amount to € 15 thousand and are entirely related to the statutory audit of the financial statements.

Transactions with related parties

Any trade and financial transactions carried out with related parties take place on an arm's length basis.

Fair value of derivatives

Pursuant to article 2427-bis.1.1 of the Italian Civil Code, it is noted that, in August 2020, Renexia S.p.A. signed, with Apollo, at the same time as the sale agreement for 20% of the shares in the subsidiary US Wind Inc. (for a consideration of USD 100 million), an additional agreement (the put call option agreement). Under this agreement, the parties have defined the following options on the shares:

- a put option that confers Apollo the right to sell to the Company 20% of the shares covered by the sale at a specific price (put strike) that guarantees an agreed return; this right is exercisable for a defined period which, at present, coincides with the period between March 2022 and April 2022;
- a call option granting the Company, at any time and through August 2025, the right to purchase all the shares covered by the sale for a specific price based on the initial price paid by Apollo to the Company, to which a multiplier that changes every year from 2021 to 2025 is applied.

To determine the fair value of the aforementioned financial instruments, given their characteristics, the Company used the Monte Carlo simulation method with the support of expert consultants in the sector and based on the following evaluation steps:

- (i) the period in which the put and call options described above may presumably be exercised has been limited;
- (ii) simulations were carried out (Monte Carlo) at 31 December 2021, determining the result through a massive replication of a stochastic process defined on the price of the underlying;
- (iii) in light of the above, at 31 December 2021, the fair value of the put and call options was determined as the average value obtained from the one million interactions performed with the Monte Carlo method and totalled USD \$ 358,354.00 (negative), which is equal to € 316,399.443 at the closing rate. The Company adjusted the carrying amount of the option recognised at 31 December 2021 pursuant to OIC 32, in the profit and loss account under item "D 19) Adjustments to financial assets and liabilities - write-downs" with a balancing entry in the provision for risks and charges under item "B) 3) Derivatives".

The table below summarises key information related to the financial instruments described.

Type	Underlying variable	Fair Value Positive (Negative)	
€		31/12/2021	31/12/2020
Call options / Put options	Shares (US Wind Inc.)	(316,399)	(278,364)

Information on financial instruments issued by the Company

Pursuant to article 2427.1.18 and 19 of the Italian Civil Code, it is noted that, as already outlined in the above section, the Company's options on the shares of the subsidiary US Wind Inc. include:

- a put option granting Apollo the right to sell to the Company 20% of the shares covered by the sale as defined in the section "Significant events of the year – United States";
- a call option granting the Company the right to purchase all of the shares of the subsidiary US Wind Inc. covered by the sale.

All the characteristics and the rights that the options confer are outlined in the previous section.

Off-balance sheet arrangements

Pursuant to article 2427.1.22-ter of the Italian Civil Code, there are no off-balance sheet arrangements.

Significant events after the reporting date

There were no significant events after the reporting date.

Business outlook

As described in the "Going concern" section, the Company intends to pursue its development and investment activities in accordance with the strategic lines which are now consolidated both in the domestic market - continuation of the construction of the Taranto and Casalduni wind farms and development and design of the wind farm in the Sicily channel - and in the US - consolidation of the actions of the subsidiary US Wind. The Company also maintains a strong focus on possible new projects that could be developed both internally and through third parties, as it did with the acquisition of CW1.

In the first few months of 2022, the international geopolitical scenario was characterised by the Russia-Ukraine conflict, which began on 24 February 2022, followed by the resulting restrictive measures imposed by the European Union and other countries which are generating economic effects at a global level and could affect the energy, raw materials and logistics markets, triggering an increase in prices. Furthermore, also during this first quarter of 2022, the entire world economy was affected by the Covid-19 pandemic, which had major repercussions on company operations.

In any case, the Company believes that these circumstances will not have a significant impact on the estimation process concerning the figures presented in the 2021 financial statements, nor are they likely to impact the Company's ability to continue as a going concern and the growth and profitability prospects forecast for 2022.

Allocation of the net profit for the year

Dear Shareholders,

We invite you to:

- discuss and approve the management report drawn up by the directors and the financial statements at 31 December 2021 which show a net profit of € 36,254,995;
- allocate the net profit for the year of € 36,254,995 to "Retained earnings".

These financial statements, consisting of the balance sheet, profit and loss account, cash flow statement and these notes, give a true and fair view of the Company's financial position, results of operations and cash flows for the year and are consistent with the accounting records.

As required by law, this document will be filed under the double filing mechanism. These notes to the financial statements will thus be prepared using the so-called "XBRL taxonomy" to enable digital processing (as required by the Register of Companies managed by the Chambers of Commerce in compliance with article 5.4 of Prime Ministerial Decree no. 304 of 10 December 2008). The double filing mechanism is necessary since the notes to the financial statements prepared under the "XBRL taxonomy" are not sufficient to present the Company's position in accordance with the principles of clarity, fairness and truthfulness set forth in article 2423 of the Italian Civil Code.

Chairman of the Board of Directors

Carlo Toto

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS
CALLED IN A MEETING TO APPROVE THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2021 PREPARED IN ACCORDANCE WITH
ARTICLE 2429.2 OF THE ITALIAN CIVIL CODE

To the Shareholders of Renexia S.p.A.

During the year ended 31 December 2021, we operated in accordance with the law and the rules of conduct for statutory auditors of unlisted companies issued by the Italian Accounting Profession in December 2020 and which became effective on 1 January 2021.

In this report, we describe our activities and the related results.

The financial statements at 31 December 2021 submitted to your examination have been prepared in accordance with the Italian legislation governing their preparation and show a net profit for the year of € 36,254,995. The financial statements were made available to us within the legal deadline.

The independent auditors (PwC) engaged to perform the statutory audit provided us today with their report in which they expressed an unmodified opinion.

According to the report of the independent auditors, the financial statements at 31 December 2021 give a true and fair view of company's the financial position, financial performance and cash flows and have been prepared in accordance with the Italian law governing the preparation of financial statements.

As we were not entrusted with the statutory audit of the financial statements, we carried out the supervisory activities provided for in rule 3.8 of the "Rules of conduct for statutory auditors of unlisted companies", consisting of a summary overall control aimed at checking that the financial statements have been duly prepared. Indeed, the independent auditors are responsible for checking consistency with the accounting records.

1) Supervisory activities pursuant to articles 2403 *et seq.* of the Italian Civil Code

We monitored compliance with the law and the by-laws, the principles of sound administration and, in particular, the adequacy of the organisational structure, the administrative and accounting system and their effective operation.

We attended shareholders' meetings and meetings of the board of directors and, based on the available information, we have nothing to report in this respect.

We obtained information from the board of directors sufficiently in advance, including during the meetings held, on the general performance of operations and the outlook, and on the most significant transactions, in terms of their size or characteristics, carried out by the company and its subsidiaries. Based on the available information, we have nothing to report in this respect.

We exchanged data and information with the independent auditors relevant to the performance of our supervisory activities in a timely manner.

We obtained information from the head of internal control. No significant data or information were identified that require disclosure in this report.

We obtained information from the supervisory body. No critical issues were identified with respect to the correct implementation of the organisational model that require disclosure in this report.

We examined and monitored the adequacy of the organisational, administrative and accounting structure and its actual functioning, also by gathering information from the department heads. We have nothing to report in this respect.

We examined and monitored, within the scope of our duties, the adequacy and operation of the company's administrative/accounting system and the latter's reliability in fairly presenting operations, by collecting information from the department heads and examining the company's documentation. We have nothing to report in this respect.

There were no complaints from shareholders within the scope of the provisions of article 2408 of the Italian Civil Code.

We made no reports to the board of directors pursuant to article 15 of Legislative decree no. 118/2021.

As part of our supervisory activities, as described earlier, no additional, significant facts were identified that require disclosure in this report.

2) Observations on the financial statements

Based on that set out in the report of the independent auditors, the "financial statements give a true and fair view of the financial position of Renexia 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 Italian regulations governing their preparation".

To the best of our knowledge, in drawing up the financial statements, the directors did not depart from the law pursuant to the provisions of article 2423.5 of the Italian Civil Code.

The Shareholders have expressly waived the terms established by article 2429 of the Italian Civil Code for filing this report, releasing us from all liability in that respect.

3) Comments and proposals regarding the approval of the financial statements

Based on the findings of our work and the opinion expressed in the report of the independent auditors, you are invited to approve the financial statements at 31 December 2021 as they stand.

We agree with directors' proposed allocation of the net profit for the year set out in the notes to the financial statements.

Chieti, 29 April 2022
auditors

The board of statutory



INDEPENDENT AUDITOR'S REPORT

RENEXIA SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2021



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Renexia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Renexia SpA (the Company), which comprise the balance sheet as of 31 december 2021, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 december 2021, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by 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, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements,

PricewaterhouseCoopers SpA

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the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing (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 the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as 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 identified during our audit.



Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Renexia SpA are responsible for preparing a report on operations of Renexia SpA as of 31 december 2021, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Renexia SpA as of 31 december 2021 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Renexia SpA as of 31 december 2021 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Pescara, 29 April 2022

PricewaterhouseCoopers SpA

Signed by

Stefano Amicone
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.