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 2019

Contents

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 2019 financial statements - Appointed on 8 August 2017

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

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.

EURASIA – Eurasia S.r.l.

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.

PGS – Parchi Global Services S.p.A.

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

PIANO – Group business plan 2020 - 2026

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

Introductory remarks

The financial statements of Renexia S.p.A. (hereinafter the "**Company**") at 31 December 2019 show a net profit of approximately € 9.6 million.

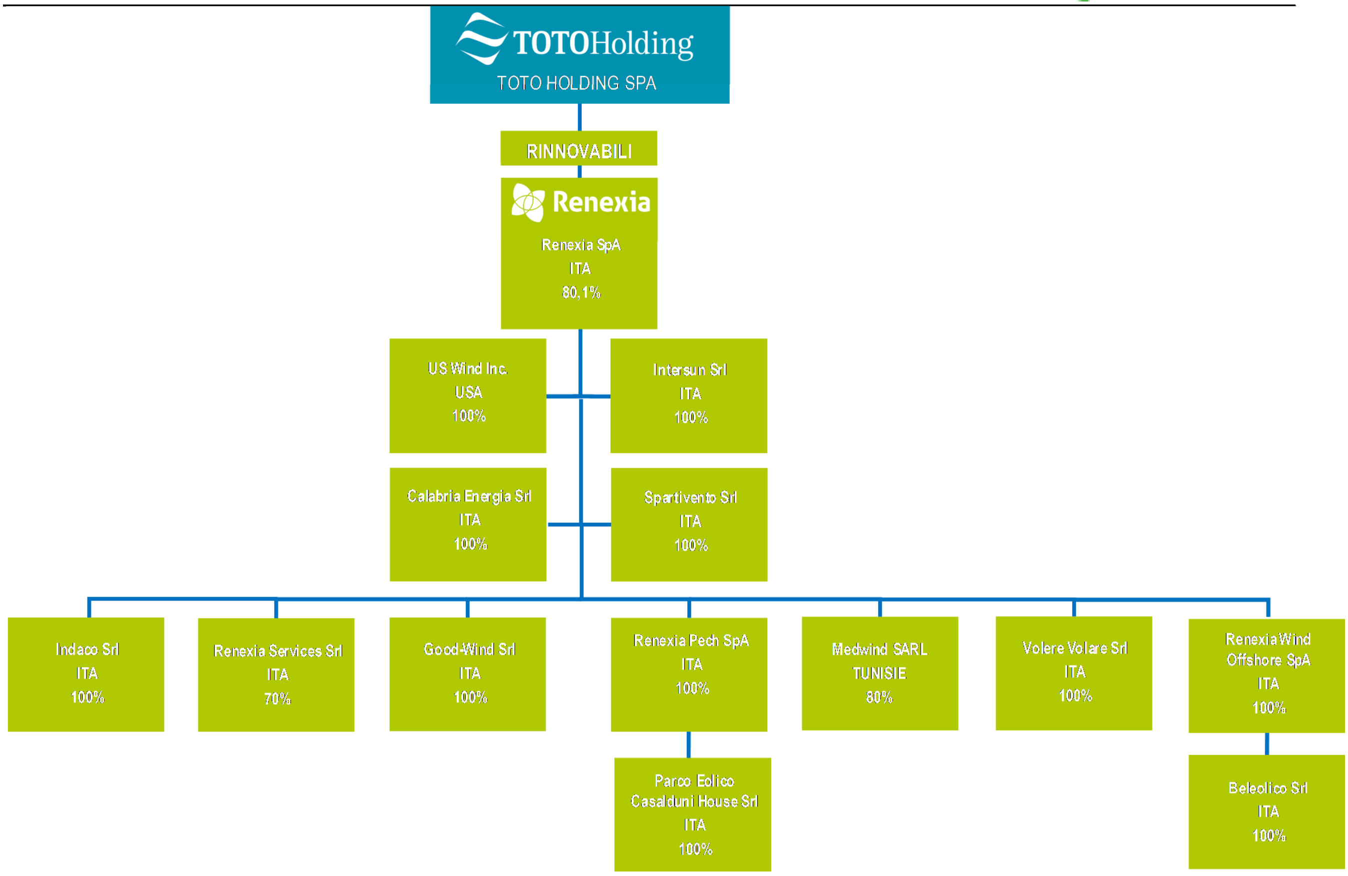
This report provides information about the Company and its performance. It accompanies the financial statements and provides information about the profit and loss account, balance sheet, cash flows and results of operations, together with historical data and forward-looking assessments, where possible.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

The reclassified profit and loss account, the reclassified balance sheet and the statement of changes in net equity of Renexia S.p.A. for 2019 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 development, construction and management activities for 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

The slowdown in the world economy and the contraction in global trade continued in 2019. Significant risks affected the expansion of international economic activity, attributable to protectionist tensions, which eased following negotiations between the parties, the economic slowdown in China and the time frame and arrangements for the United Kingdom's withdrawal from the European Union. The main central banks adopted highly expansionary monetary policies.

The United States and Japan saw a slowdown in GDP growth, as did the United Kingdom, where companies ran down their inventories accumulated as a precaution ahead of the original Brexit date, at the end of March 2019. However, economic growth indicators improved in the last quarter.
In China and India, economic activity lost momentum in the spring and throughout the summer months, before stabilising towards the end of the year. Brazil and Russia reported a slight recovery, although growth remained low. The decline in international trade, which began in 2018, continued in 2019, although there was a return to growth in the third quarter in both the emerging and the advanced economies. Unfortunately, the outlook for world trade continues to be unfavourable.

In August, trade tensions between the United States and China, which have been affecting global trade since 2018, intensified. The US administration raised tariffs on imports from China and the Chinese government, in turn, increased duties on imports from the United States. In December, trade negotiations between the two countries led to an agreement in principle that includes the suspension of some of the tariff increases previously envisaged, although duties are still high compared to those in force two years ago. In October 2019, the United States announced new tariffs of between 10 and 25 per cent on imports of specific products from Europe, as a compensatory measure, authorised by the World Trade Organisation, to offset the state subsidies given to the aerospace consortium Airbus.

According to projections released by the OECD, the world economy grew by 2.9 per cent in 2019, at its slowest rate since the global financial crisis of 2008-09. The weakness of world trade and manufacturing output continue to weigh on economic activity. According to estimates by Banca d'Italia, international trade increased by just 0.6 per cent in 2019, and will accelerate slightly in 2020. The risks for global growth remain downward-biased; although the risks of an escalation of trade tensions between the United States and China, and of the United Kingdom leaving the European Union without a deal have been reduced, there has been a sharp increase in geopolitical tensions, especially between the United States and Iran, and there are still concerns that the Chinese economy might slow more than expected. *(source: Banca d'Italia – Economic Bulletin – January 2020).*

The Italian Economy

Italy's GDP, which grew by 0.1 per cent in the third quarter, buoyed by domestic demand and especially household spending, remained substantially unchanged in the last quarter. Overall in 2019, GDP rose by around 0.2 per cent.

Based on the latest cyclical indicators, industrial output decreased in the last quarter. The businesses that took part in a survey conducted by Banca d'Italia reported a slight expansion of their investment plans for 2020. The increase in disposable income recorded in 2019, also due to a slight improvement in the labour market, boosted household spending in the summer months; the propensity to save remained practically unchanged.

In the third quarter, Italian exports reflected weak growth in international trade. Nevertheless, the current account surplus remains ample and Italy's net international investment position is still close to balance. In recent months, there has been substantial foreign investment in Italian government bonds; this has improved Banca d'Italia's negative balance on the TARGET2 European payment system, which was further reduced with the introduction of the new remuneration system for bank reserves held with the Eurosystem.

Banks continued to offer relaxed lending terms: they reported an easing of credit standards and the cost of credit for households has fallen significantly. Business loans contracted slightly, consistent with the weakness of demand. The proportion of new non-performing loans continued to be limited, despite the unfavourable cyclical phase. Italian government bond yields started to rise in mid-October, reflecting a similar trend in other euro-area countries. Share prices benefited from the easing of trade tensions and from the publication of better than expected euro-area macroeconomic data.

Official assessments indicate that the budgetary provisions approved in December for the three-year period from 2020 to 2022 will increase net borrowing by 0.7 percentage points of GDP on average per year compared to its current legislation level. After stabilising in 2020, the Government's plans indicate that net borrowing and debt will decline in 2021 and 2022 as a percentage of GDP. According to the quarterly account estimates released by Istat, in the first nine months of 2019 net borrowing amounted to 3.2 per cent of GDP, compared to 3.4 per cent in the same period of 2018. *(source: Banca d'Italia – Economic Bulletin – January 2020)*.

Extension of time limits

Please note that, following the outbreak of the Covid-19 pandemic and in accordance with the provisions of Decree-law No.18 of 17 March 2020 (known as the "Cura Italia" decree), converted into Law No. 26 of 24 April 2020 (published in Official Gazette No. 110 of 29 April 2020), the Directors took advantage of the extended time limit for convening the Meeting to approve the financial statements at 31 December 2019. Article 106. 1 of said Decree-law, on "Rules governing shareholders' meetings", envisages, among other things, the possibility of convening the meeting to approve the financial statements within 180 days of the end of the financial year, in derogation from the provisions of article 2364.2 or the provisions of the articles of association (article 17 of the articles of association in force). The Directors used this extension in order to better understand the situation and adopt all the necessary measures to address this particular moment of crisis caused by the spread of the Covid-19 pandemic.

Significant events in the year

ITALY

Beleolico Wind Farm Project

Beleolico S.r.l., the wholly-owned subsidiary of Renexia Wind Offshore S.p.A., owns: (i) the Single Authorisation from the Puglia region, (ii) the concession for the relevant body of water and also (iii) won a feed-in tariff (FIT) in the latest FER2016 auction.

The events that characterised the year can be divided into three categories: 1) Relations with the previous owners of Beleolico S.r.l.; 2) Construction of the off-shore wind farm; 3) Sale of the investment in Beleolico S.r.l.

1) Relations with the previous owners of Beleolico S.r.l.

Under the contract to acquire Beleolico S.r.l., which was completed on 21 May 2018 with a notorially-attested deed recording the share transfer, Toto Group, through the Renexia Wind Offshore S.p.A. subsidiary, reached an agreement with the licence-holders for a deferred payment plan which also includes the option to pay part of the price of the investment in Beleolico S.r.l. by transferring 100% of the interest in Intersun S.r.l. The contract for the sale of the shares in Intersun S.r.l. was signed on 3 April 2019. The transaction is, however, subject to the occurrence of certain events and will be completed within the framework of the contract to acquire Beleolico S.r.l.

2) Construction of the off-shore wind farm

On 28 May 2018, Beleolico S.r.l. signed an EPC contract with Renexia Services S.r.l. for the construction of a wind farm in the Taranto port area; this contract was amended and supplemented on 9 January 2019.

As regards the construction of the Taranto wind farm (the first off-shore wind farm in Italy - the "**Project**"), the first materials necessary for laying the off-shore and fibre-optic cables were delivered in May and at the beginning of July.

From a financial point of view, on 28 December 2018 the loan agreement (hereinafter the "Loan Agreement") was signed by the borrower, Beleolico S.r.l., and the French bank Natixis S.A., acting, inter alia, as agent bank (the agreement was subsequently amended and/or supplemented). Beleolico S.r.l. will use the loan to finance the construction of its wind farm. The loan, structured as a project financing package, consists of:

- a € 70.4 million basic credit line;
- a € 9.5 million VAT financing facility;
- a € 2.4 million stand-by facility.

Interest will be charged at a rate equal to six-month Euribor plus a variable margin according to the period of construction/operation.

The guarantees given to the lender entail: 1) a pledge on the shares of Beleolico S.r.l.; 2) a pledge on the current accounts of Beleolico S.r.l.; 3) the assignment of receivables arising from project contracts and the concession; 4) the assignment of VAT receivables of Beleolico S.r.l.; 5) a mortgage on real estate assets of Beleolico S.r.l.; 6) a special lien on movable assets of Beleolico S.r.l.

However, work on the Project has been delayed:

- on 9 April 2019 the Court of Hamburg approved the commencement of self-administration proceedings in respect of the assets owned by the German wind turbine maker Senvion (the **Proceedings**");
- the Proceedings constituted a significant event for the Loan Agreement, which resulted in the suspension of disbursements;
- as soon as Renexia Services (the EPC Contractor) was notified of the Proceedings, it contacted Senvion and was constantly reassured that the contracted activities would continue as planned. Meanwhile, it started negotiations with the bodies in the Proceedings to define the terms and conditions of a Project continuation agreement, pending the definition of the Proceedings (the "**Continuation Agreement**");
- negotiations to define the Continuation Agreement continued until September 2019, but then broke down when it became clear that the bodies in the Proceedings could not guarantee the continuation of the contracted activities, also due to the lack of potential lenders willing to acquire the supplier's wind turbine generator production activities;
- the Project therefore stalled since, as the turbine supplier is the first link in the wind farm construction chain, this situation triggered a series of difficulties with the other suppliers as well. Added to this, given the uncertainty that has arisen regarding the timetable of the project, the lending banks will not allow Beleolico to make any further use of the loan granted, which it would need to pay for work already done or that remains to be done;

- moreover, since the construction and energisation of the facility will now take longer than planned, this prevents compliance with the terms established by article16.3 of the Italian Ministerial Decree dated 23 June 2016 in order to receive the related incentives. Under the aforesaid law, the facility would have to be operational by 22 July 2020. Therefore, on 17 July 2019 Beleolico applied to Gestore dei Servizi Energetici S.p.A. ("**GSE**"), the Italian energy services operator, to suspend the above time limit for 18 months, in view of the force majeure event that has negatively affected the Project, delaying its completion. Information about subsequent developments is provided in the paragraph on "Significant events after the reporting date" in the notes;
- given this state of affairs, Renexia Services has verified the availability of other suppliers who could deliver wind turbines conforming to the permits and project authorisations, and all the requirements of GSE in order to qualify for the related incentive. Renexia Services is examining the expressions of interest that have been submitted, in order to select the most competitive supplier both in terms of costs and time frames.

3) ***Sale of the investment in Beleolico S.r.l.***

On 18 February 2019, Renexia Wind Offshore S.p.A. signed the contract for the sale of its shares in Beleolico S.r.l. The sale is, however, subject to the occurrence of specific contractually-agreed events
In June, Renexia Wind Offshore S.p.A. received payment of € 7.8 million by way of an advance on the sale price.

Parco Eolico Casalduni House Project

The indirect subsidiary Parco Eolico Casalduni House S.r.l. ("PECH") owns the Single Authorisation to construct a wind power plant in the municipality of Casalduni (BN).
In March 2019, PECH was invited to the service meeting to obtain the variation necessary for the authorisation of the Casalduni (BN) wind farm, bringing the project from twelve 3-MW wind turbines (producing a total of 36 MW), to ten 3,465-MW wind turbines (producing a total of 34.65 MW) while increasing the production of MWh fed into the grid.
On 8 August 2017, PECH also agreed a contract with Terna S.p.A. to connect the Casalduni wind plant (150 kV power line) to the National transmission network. PECH also entered into an EPC contract with Renexia Services S.r.l. for the construction of the first and the second sections of the power line which connects Castelpagano to Morcone (first section) and Pontelandolfo to Morcone (second section). Construction work on the second section of the power line (Pontelandolfo – Morcone) continued in 2019. Construction work on the first section of the power line was completed in the previous year.
PECH transferred the 150 kV power line to Terna S.p.A. in November 2019.

As part of the development of the wind farm for which PECH owns the Single authorisation, the Company and the Group as a whole created a corporate structure that would appeal to potential new investors interested in the PECH project. This was done by:

(i) setting up a new company (Renexia Pech S.p.A.) and;

(ii) transferring the investment in Parco Eolico Casaldunio House S.r.l. to Renexia Pech S.p.A.

On 4 July 2019, Renexia Pech S.p.A. completed the issue of a € 12.5 million bond loan listed on the Vienna stock exchange and entirely subscribed by sector-specialist international funds. According to usual practices for this kind of transaction, the Company provided guarantees for investors and in the interests of Renexia Pech S.p.A., which included (i) a pledge on the Company's shares in Renexia Pech S.p.A. in favour of investors, and (ii) signing a deed of assignment of the Company's rights in respect of Renexia Pech S.p.A. under any shareholder loan agreements to be signed therewith, and the aforesaid assignment for collateral purposes when any such shareholder loans are subscribed.

The bond loan was used to fund the subsidiary Parco Eolico Casalduni House S.r.l. ("**PECH**") to enable it to raise the necessary financial resources to construct the wind farm. PECH has, in fact, signed an EPC contract with the related company Renexia Services S.r.l. for the construction of its wind farm, and made an advance payment on the final amount due, as is practice in the sector.

The construction and implementation of the project involves the use of a structured loan in the form of a ten-year bond with the typical characteristics of a project financing package without recourse to the shareholder, worth approximately € 38 million.

FOREIGN OPERATIONS

Tunisia

As reported in the 2018 financial statements, on 18 December 2018, MedWind Sarl applied for a construction permit, inclusive of an incentive tariff blocked for 20 years, for the El Haouaria Ovest wind farm, consisting of 10 turbines for a total of 30 MW.

Although the Company has not been officially informed, it was not granted the permit. It must therefore wait for the next tender before it can proceed with the development of the project. Meanwhile, Renexia S.p.A. is examining expressions of interest for the acquisition of MedWind submitted by third-party investors after the Tunisian government published details in the Official Gazette of the possibility of entering into power purchase agreements (PPA") with local power consumers using the power line of STEG, the national utility.

United States

US Wind Inc. is continuing to develop its project. Its activities in the year can be summarised as follows:

- start of the executive design phase for connections to the power delivery substation;
- continuation of preparatory work on the Construction and Operational Plan (C.O.P.). The C.O.P. should be lodged within 3Q 2020. The C.O.P. is, of course, subject to approval by the B.O.E.M. (Bureau of Ocean Energy Management);
- completion of work to set up the Met Tower and selection of the supplier who should have installed it;
- in July, the installer of the Met Tower informed US Wind Inc. that it had closed its division responsible for the installation project. US Wind immediately found another installer to carry out the activity requested. However, this supplier was also unable to complete the installation. The resulting delays, and the closure of the sea areas concerned as required by legislation on the protection of marine species, meant that the activities in question had to be suspended;
- Pending a solution to the problems concerning the installation of the Met Tower, US Wind is working on the installation of a LIDAR BUOY so that the energy yield assessment will not be delayed.
- The government of Maryland has introduced the new implementing regulation for new OREC awards in which the American subsidiary is interested. The window for submitting OREC project proposals is already open.

Financial highlights

Table 1 – Reclassified profit and loss account

Profit and Loss Account *Amounts in euros*	31/12/2019	31/12/2018	Change	% change
Net revenues	763,222	659,641	103,581	15.7%
External costs	3,005,964	7,431,539	(4,425,575)	-59.6%
Added value	**(2,242,742)**	**(6,771,898)**	**4,529,156**	**-66.9%**
Personnel costs	1,516,485	1,363,041	153,444	11.3%
EBITDA	**(3,759,227)**	**(8,134,939)**	**4,375,712**	**-53.8%**
Amort./deprec., write-downs and other provisions	29,924	2,285,740	(2,255,816)	-98.7%
Other income	13,167	66,479	(53,312)	-80.2%
EBIT	**(3,775,984)**	**(10,354,200)**	**6,578,216**	**-63.5%**
Financial income (expenses)	15,122,130	107,680,093	(92,557,963)	-86.0%
Profit (loss) from ordinary activities	**11,346,146**	**97,325,893**	**(85,979,747)**	**-88.3%**
Management of equity investments	(1,209,058)	0	(1,209,058)	N.A.
Profit (loss) before taxes	**10,137,088**	**97,325,893**	**(87,188,805)**	**-89.6%**
Income taxes	484,531	403,131	81,400	20.2%
Net profit (loss)	**9,652,557**	**96,922,762**	**(87,270,205)**	**-90.0%**

2019 ended with a net profit of € 9.6 million. Revenues (€ 763 thousand) net of external costs (€ 3,005 thousand) and personnel expenses (€ 1,516 thousand), generated a negative EBITDA of approximately € 3,759 thousand. External costs mainly refer to services (€ 1,712 thousand).

Revenues are substantially in line with those recorded for the year ending on 31 December 2018 and refer to services provided to subsidiaries.

There was a significant decrease in external costs, mainly attributable to the different incidence of withholding tax (WT) paid in the United States, through the American subsidiary US Wind Inc., on the payment of dividends, in the two financial years. In 2018, WT amounted to around € 4.9 million (calculated on a € 105 million dividend received), whereas in 2019, WT amounted to € 631 thousand (calculated on a € 13 million dividend received).

Given the nature of the Company's business, EBIT (negative for € 3,776 thousand) was not substantially affected by amortisation and depreciation or income from non-core business, and reflects a significant trend reversal due to the negative impact of financial income and expenses and equity investments.

Net financial income amounted to € 15.1 million. This item includes:

- the dividend received from the American subsidiary US Wind Inc. (€ 13.3 million);
- the net effect of financial income and expenses (positive for € 1,700 thousand), mainly related to the interest (income and expenses) accrued in respect of subsidiaries under the inter-company current account contract;
- the positive balance of the effect of exchange rate gains and losses for the period equal to € 137 thousand.

Equity investments presented a negative balance of € 1,209 thousand. This reflects:

- the write-down of the investment in the Tunisian subsidiary Medwind Sarl for € 530, in order to bring the carrying amount of the investment in line with the estimated realisable value upon receipt of offers from potential investors;
- the write-down of the investments in the subsidiaries Indaco S.r.l. and Volere Volare S.r.l. for a total of € 679 thousand following the introduction of new laws during the year which substantially altered the level of returns on the mini wind turbine projects being developed by those companies. For more details, reference should be made to the notes ("Equity investments").

Based on the above, the profit before taxes amounted to € 10.1 million. After deducting taxes (for € 484 thousand) the net profit for the year stood at € 9.6 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 *Amounts in euros*	31/12/2019	31/12/2018	Change	% change
Services	1,711,716	1,548,826	162,890	10.5%
Raw materials	51,940	38,082	13,858	36.4%
Use of third-party assets	284,591	207,985	76,606	36.8%
Other operating costs	941,417	5,636,646	(4,695,229)	-83.3%
Sub-total of external costs	**2,989,664**	**7,431,539**	**(4,441,875)**	**-59.8%**
Personnel expenses	1,516,485	1,363,041	153,444	11.3%

Net financial position

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

Table 3 – Net financial position

Description *Amounts in euros*	31/12/2019	31/12/2018	Change	% change
Bank deposits	1,046,305	14,434,799	(13,388,494)	(93%)
Cash-in-hand and cash equivalents	8,423	7,141	1,282	18%
Liquid funds and own shares	**1,054,728**	**14,441,940**	**(13,387,212)**	**(93%)**
Financial receivables from the parent	37,729,812	52,730,639	(15,000,827)	(28%)
Financial receivables from subsidiaries	14,119,108	20,261,540	(6,142,432)	(30%)
Financial receivables from others	0	323,529	(323,529)	(100%)
Bank loans and borrowings (due within one year)	(9,191)	(15,383)	6,192	(40%)
Financial payables to subsidiaries	(34,029,541)	(15,385,894)	(18,643,647)	121%
Short-term net financial position	**18,864,916**	**72,356,371**	**(53,491,455)**	**(74%)**
Total net financial position	**18,864,916**	**72,356,371**	**(53,491,455)**	**(74%)**

The net financial position was positive for € 18.8 million, mainly attributable to financial receivables due from subsidiaries (€ 14.1 million) and the € 37.7 million loan taken out in favour of the parent Toto Holding S.p.A. The € 53.5 million decrease, compared to 31 December 2018, reflects the use of liquid funds, the reduction in receivables from the parent (€ 15.0 million) and the additional use of the funding provided by the subsidiaries (mainly Renexia Services) for € 18.6 million.

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 as of 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
Parent				
TOTO HOLDING S.p.A.	355,651	336,273	0	572,029
Subsidiaries				
Intersun S.r.l.	33,543		33,543	10,503
U.S. Wind Inc.	231,122		231,122	
Medwind Sarl	557,805		32,630	
Renexia Services S.r.l.	131,168		132,367	978,067
Renexia Wind Offshore S.p.A.			658,634	
Parco Eolico Casalduni House S.r.l.	166,677		178,525	
Renexia PECH S.p.A.			25,977	0
Calabria Energia S.r.l.	19,512		11,993	
Good Wind S.r.l.	18,014		9,603	
Spartivento S.r.l.	14,737		9,308	
Indaco S.r.l.	3,084		3,366	
Volere Volare S.r.l.	3,133		3,477	
Renexia Recharge S.r.l	2,500		2,500	
Beleolico S.r.l.				
Related companies				
TOTO S.p.A. Costruzioni Generali	2,013	20,964	0	9,056
TOTO TECH S.r.l.		27,046		
Azienda Aviagricola Abruzzese S.r.l.	2,500			
Ambra S.r.l.	99	8,236		
Parchi Global Services S.p.A.	0			
Infraengineering S.r.l.	0		0	
Strada dei Parchi S.p.A.		36,628	0	0
TOTO Real Estate S.r.l.	0	63,672		209,104
Total	**1,541,558**	**492,819**	**1,333,045**	**1,778,759**

Table 5 - Financial (payables and receivables including from tax consolidation) and business transactions (dividends).

Company	Financial receivables	Financial payables	Financial payables – tax consolidation	Dividends
Parent				
TOTO HOLDING S.p.A.	37,729,812		355,651	
Subsidiaries				
Intersun S.p.A.		252,337		
U.S. Wind Inc.				13,284,917
Medwind Sarl	52,000			
Renexia Services S.r.l.		33,777,204		0
Parco Eolico Casalduni House S.r.l.				
Renexia Pech S.p.A.	1,263,983			
Renexia Wind Offshore S.p.A.	12,778,899			
Calabria Energia S.r.l.	2,039			
Good Wind S.r.l.	2,235			
Spartivento S.r.l.	1,100			
Indaco S.r.l.	9,133			
Volere Volare S.r.l.	9,623			
Renexia Recharge S.r.l	96			
Beleolico S.r.l.				
Related companies				
TOTO S.p.A. Costruzioni Generali				
TOTO TECH S.r.l.				
Azienda Aviagricola Abruzzese S.r.l.				
Ambra S.r.l.				
Parchi Global Services S.p.A.				
Infraengineering S.r.l.				
Strada dei Parchi S.p.A.				
TOTO Real Estate S.r.l.				
Total	51,848,920	34,029,541	355,651	13,284,917

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

The employment contract applied for employees is the Collective National Employment Contract for employees of construction firms and similar businesses of 1 July 2014, updated by the agreement of 18 July 2018. The agreement applied for managers is the Collective National Employment Contract for managers of companies that produce goods and services of 25 November 2009, updated by the agreement of 30 December 2014.

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;
- requesting regular sanitisation of office premises.

Environment

During the period, 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. 231/2011

As required by Legislative decree No. 231/2001, TH and the main companies within the Group have adopted an Organisational model and a system of control and corruption-prevention that meets all the latest regulatory requirements.

Toto Holding S.p.A. has set up an Internal Audit department (which reports to top management) and a Supervisory Body made up of independent 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

In the course 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.

As far as the financial statements at 31 December 2019 are concerned, the Company's exposure to operational and financial risks is related to the COVID-19 pandemic.

Liquidity risk

Liquidity management, which is directly linked to cash flows at the level of the Group, has been affected by the pandemic that broke out in early 2020 with unprecedented consequences at international and national level; the Group's ordinary management activities have inevitably been affected, with a reduction in the cash flows that are normally generated and the interruption of ongoing financial operations.

Focusing on the Company in particular, commitments essentially regard taxes due and payables to suppliers, as the only other significant debts are with the Group itself. The Company duly met and managed its obligations liabilities until the effects of the pandemic were felt. As already mentioned, owing to the reduced availability of liquid funds, the Company has had to take a number of extraordinary measures to address the two situations described above:

1. in the area of tax and welfare contributions, this involves exercising all the options introduced by the "Cura Italia" Decree-law and by the subsequent "Liquidity Decree with which the Italian Government suspended a wide range of withholding taxes, VAT payments and social security contributions (deferral of deadlines and suspension of tax and social security payments);
2. as far as managing relations with suppliers is concerned, where necessary, the Company has taken steps to address the reduction in cash flows.

Lastly, in striving to reduce the need for cash flows to cover business operations, and to mitigate the impact on profitability, the Company is committed to considering every available option, including those introduced by Decree-law No. 23 of 8 April 2020, converted into Law No. 40/2020 dated 6 June 2020 published in Official Gazette No. 143, on measures to aid companies with difficulty accessing liquid funds. In that context, the Group has initiated important discussions with a leading Italian bank to quickly obtain a loan of up to € 167 million with 90% guaranteed by SACE. The six-year loan envisages a three-year pre-amortisation period and will be amortised over three years, in accordance with the aforesaid Liquidity Decree. Of the € 167 million, around € 64.2 million will be allocated to SdP.

In working to overcome this difficult period as quickly as possible, the Company is examining the possibility of resorting to the instruments made available under the new “Relaunch Decree” No. 34 dated 19 May 2020, published in Official Gazette No. 128 of 19 May 2020.

Up until now, the Company has chosen to prioritise the use of liquid funds to pay salaries and meet other necessary and urgent obligations, including advance payments of the allowance covered by the wage guarantee fund (CIGO), for which the Company has applied in accordance with Decree-law No. 18 of 17 March 2020 (known as the “Cura Italia” Decree), published in the Official Gazette No. 70 of 17 March 2020.

In this scenario, considering the actions that have been undertaken to support the Company’s financial requirements, the risk factors referred to above can reasonably be expected not to occur.

Currency risk

The Company primarily operates on a domestic level, with most transactions in euros. However, since it also trades financial items with the American subsidiary US Wind Inc., it is exposed to the risk of changes in currency rates. To date, given the limited incidence of these items, the Company has decided there is no need to hedge the risk deriving from US dollar to euro exchange rate fluctuations.

Derivatives

As of 31 December 2019, the Company did not hold any derivative financial instruments.

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.

Other risks

Arbitration award

There have been no further developments with respect to the information provided in the 2018 financial statements; however, for the sake of completeness, such information is provided again here.

The arbitration award related to the dispute brought about by ETS against former Ponte Albanito S.r.l. (now C.v.a. S.p.A., following the merger of Ponte Albanito into CVA) was issued on 17 December 2016. In its award, the board of arbitrators ordered Ponte Albanito to pay ETS (i) the residual consideration assessed during the proceedings and (ii) damages for not having complied with some contractual provisions originally agreed at the time of their collaboration.

The total amount to be paid by former Ponte Albanito is approximately € 3.3 million, inclusive of legal and default interest and legal fees. 100% of Ponte Albanito's quota capital was sold by Renexia S.p.A. to C.v.a. S.p.A. in January 2015. Based on the compensation obligation assumed in Ponte Albanito's sale contract, since this dispute began well before its sale and pertains to facts which occurred when Ponte Albanito was a subsidiary of Renexia, in the event of final conviction, the latter shall compensate C.v.a S.p.A. for any amounts to be paid to ETS. In this respect, although Renexia considers the requests of ETS to be groundless, in view of the negative outcome of the first instance ruling, it has prudently recognised an accrual reflecting the amount set out in the arbitration award in the provision for risks and charges.

The arbitration award was appealed on 6 February 2017 and C.v.a. S.p.A. obtained a suspension of enforceability, subject to the provision of a guarantee of € 3.2 million (the "**Guarantee**"). C.v.a. S.p.A., in turn, was guaranteed by the company and, consequently, gave the Guarantee. Accordingly, the enforceability of the award is suspended pending the judgement on appeal.

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 closing arguments of 14 January 2020, subject to suspension. The L'Aquila Court of Appeal subsequently scheduled another hearing for the closing arguments, originally for 26 May 2020 and then for 24 November 2020.

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 paragraph placed after that entitled "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	31/12/2019	31/12/2018
B) Fixed assets		
I - Intangible fixed assets		
3) Industrial patents and intellectual property rights.	5,169	11,755
4) Concessions, licences, trademarks and similar rights	8,652	13,784
6) Assets under construction and payments on account	270,023	0
7) Other	0	0
Total intangible fixed assets	**283,844**	**25,539**
II - Tangible fixed assets		
2) Plant and machinery	20,178	28,018
4) other assets	53,596	16,332
5) Assets under construction and payments on account	0	0
Total tangible fixed assets	**73,774**	**44,350**
III - Financial fixed assets		
1) Equity investments		
a) in subsidiaries	32,266,948	33,091,716
d-bis) in other companies	12,823	12,823
	32,279,771	**33,104,539**
2) Financial receivables		
a) from subsidiaries	14,119,108	20,261,540
c) from parent companies	37,729,812	52,730,639
d-bis) from other companies	0	323,529
	51,848,920	**73,315,708**
Total financial fixed assets	**84,128,691**	**106,420,247**
TOTAL FIXED ASSETS	**84,486,309**	**106,490,136**
C) Current assets		
II - Receivables		
1) trade receivables	2,120,211	2,150,132
2) from subsidiaries	1,181,295	1,614,143
4) from parents	355,651	377
5) from subsidiaries of parents	4,613	2,622
5-*bis*) tax receivables	482,455	451,653
5-*ter*) deferred tax assets	46,675	38,289
5-quater) from others	423,324	541,769
	4,614,224	**4,798,985**
III - Financial assets not held as fixed assets		
1) investments in subsidiaries	901,851	0
4) investments in other companies	0	0
	901,851	**0**
IV - Liquid funds		
1) bank and postal accounts	1,046,305	14,434,799
3) cash-in-hand and cash equivalents	8,423	7,141
Total liquid funds	**1,054,728**	**14,441,940**
TOTAL CURRENT ASSETS	**6,570,803**	**19,240,925**
D) Prepayments and accrued income		
Prepayments and accrued income	71,702	21,286
TOTAL PREPAYMENTS AND ACCRUED INCOME	**71,702**	**21,286**

BALANCE SHEET ASSETS	**91,128,814**	**125,752,347**
BALANCE SHEET LIABILITIES	**31/12/2019**	**31/12/2018**
A) Net equity		
I - Capital	5,000,000	5,000,000
II - Share premium reserve	528,216	528,216
IV - Legal reserve	921,296	449,512
VI - Other reserves	10,800,000	10,800,000
VIII - Profit (loss) carried forward	11,267,642	(10,183,337)
IX - Profit (loss) for the year	9,652,557	96,922,762
TOTAL NET EQUITY	**38,169,711**	**103,517,153**
B) Provisions for risks and charges		
4) Other provisions	3,471,926	3,412,632
TOTAL PROVISIONS FOR RISKS AND CHARGES	**3,471,926**	**3,412,632**
C) Employees' leaving entitlement		
Employees' leaving entitlement	136,461	90,163
EMPLOYEES' LEAVING ENTITLEMENT	**136,461**	**90,163**
D) Payables		
4) Bank loans and borrowings		
- due within one year	9,191	15,383
- due after one year	0	0
	9,191	15,383
7) Trade payables		
- due within one year	717,628	1,771,296
- due after one year	0	0
	717,628	1,771,296
9) Payables to subsidiaries		
- due within one year	34,029,541	15,386,044
- due after one year	0	0
	34,029,541	15,386,044
11) Payables to parents		
- due within one year	336,273	492,660
- due after one year	0	0
	336,273	492,660
11-*bis*) Payables to subsidiaries of parents		
- due within one year	156,546	172,889
- due after one year	0	0
	156,546	172,889
12) Tax payables		
- due within one year	1,145,850	389,048
- due after one year	83,952	115,136
	1,229,802	504,184
13) Social security charges payable		
- due within one year	137,152	118,567
- due after one year	0	52,593

	137,152	171,160
14) Other payables		
- due within one year	12,731,895	218,783
- due after one year	0	0
	12,731,895	218,783
TOTAL PAYABLES	**49,348,028**	**18,732,399**
E) Accrued expenses and deferred income	**2,688**	**0**
BALANCE SHEET LIABILITIES	**91,128,814**	**125,752,347**

PROFIT AND LOSS ACCOUNT	31/12/2019	31/12/2018
A) Production revenues		
1) Turnover from sales and services	763,222	659,641
5) Other revenues and income	13,167	66,479
TOTAL PRODUCTION REVENUES	**776,389**	**726,120**
B) Production costs		
6) raw materials, consumables, supplies and goods	51,940	38,082
7) services	1,711,716	1,548,826
8) use of third-party assets	284,591	207,985
9) personnel expenses:		
a) wages and salaries	1,211,623	1,077,990
b) social security contributions	232,624	213,894
c) employees' leaving entitlement	67,526	67,086
e) other costs	4,712	4,071
	1,516,485	1,363,041
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	12,118	11,986
b) depreciation of tangible fixed assets	17,806	11,155
c) other write-downs of fixed assets	0	2,262,599
	29,924	2,285,740
11) change in raw materials, consumables, supplies and goods	0	0
12) provisions for risks	0	0
13) other provisions	16,300	0
14) other operating costs	941,417	5,636,646
TOTAL PRODUCTION COSTS	**4,552,373**	**11,080,320**
Operating profit (loss) (A-B)	**(3,775,984)**	**(10,354,200)**
C) Financial income and charges		
15) income from equity investments:		
- from subsidiaries	13,284,917	108,182,823
16) other financial income:		
a) from receivables classified as fixed assets		
- from subsidiaries	709,637	44,385
- from parents	2,032,747	0
b) from securities classified as fixed assets		
c) from securities classified as current assets		
d) other income		
- from others	14,189	16,770
	16,041,490	108,243,978
17) interest and other financial charges:		
- from subsidiaries	(988,570)	(385,686)
- associates		
- parents	0	(344,738)
- from others	(67,904)	(66,642)
	(1,056,474)	(797,066)
17-*bis*) net exchange rate gains (losses)	137,114	233,181

TOTAL FINANCIAL INCOME AND CHARGES	15,122,130	107,680,093
D) Value adjustments to financial assets		
19) write-downs:		
- of equity investments;	(1,209,058)	0
- of financial fixed assets that are not equity investments;		
- of securities classified as current assets that are not equity investments;		
- of derivatives;		
	(1,209,058)	0
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	**(1,209,058)**	**0**
Pre-tax profit (loss) (A-B + - C + - D + - E)	**10,137,088**	**97,325,893**
20) Income taxes, current and deferred		
c) Prepaid taxes	(8,386)	(547)
d) (income) charges from participation in the tax consolidation scheme	288,971	403,921
e) prior year taxes	203,946	(243)
	484,531	403,131
Net profit (loss) for the year	**9,652,557**	**96,922,762**

Chairman of the Board of Directors

Carlo Toto

Cash flow statement

Cash flows from operations (indirect method)

Cash flow statement	31/12/2019	31/12/2018
A. Cash flows from operations (indirect method)		
Net profit (loss) for the year	**9,652,557**	**96,922,762**
Income taxes	484,531	403,131
Net interest expense/(income)	332,648	735,911
(Dividends)	(13,284,917)	(108,182,823)
(Gains)/losses on the sale of assets		
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on sales	**(2,815,181)**	**(10,121,019)**
Adjustments for non-monetary items with no balancing entry in net working capital		
Accruals to provisions	105,592	23,425
Amortisation/depreciation	29,924	23,141
Impairment losses	0	2,262,599
2. Cash flows before changes in NWC	**(2,679,665)**	**(7,811,854)**
Changes in net working capital		
Decrease/(increase) in trade receivables	29,921	455,174
Increase/(decrease) in trade payables	(1,053,668)	(167,491)
Decrease/(increase) in prepayments and accrued income	(50,416)	25,837
Increase/(decrease) in accrued expenses and deferred income	2,688	(275)
Other changes in net working capital	18,564,044	3,409,768
3. Cash flows after changes in NWC	**14,812,904**	**(4,088,841)**
Other adjustments		
Net interest received/(paid)	(53,715)	(49,872)
(Income taxes paid)	0	0
Dividends received	13,284,917	108,182,823
(Use of provisions)	0	0
4. Cash flows after other adjustments	**28,044,106**	**104,044,110**
Cash flows from operations (A)	**28,044,106**	**104,044,110**
B. Cash flows from investment activities		
Tangible fixed assets		
(Investments)	(47,229)	(12,475)
Intangible fixed assets		
(Investments)	(270,424)	(2,000)
Financial fixed assets		
(Investments) - Disbursement of loans to Group companies	22,291,556	(79,613,726)
Financial assets not held as fixed assets		
(Investments/Reclassifications)	(901,851)	0
Cash flows used in investment activities (B)	**21,072,052**	**(79,628,201)**
C. Cash flows from financing activities		
Third party funds		
Increase (decrease) in short-term bank loans and borrowings	(6,192)	(499,137)
Increase (decrease) in financial payables to group companies	(22,178)	(9,592,734)
Own funds		
Dividends paid	(62,475,000)	0
Cash flows from (used in) financing activities (B)	**(62,503,370)**	**(10,019,553)**
Increase (decrease) in liquid funds (A ± B ± C)	(13,387,212)	14,324,038
Liquid funds at 1 January 2019	**14,441,940**	**117,902**
Liquid funds at 31 December 2019	**1,054,728**	**14,441,940**

Chairman of the Board of Directors

Carlo Toto

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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.

Notes to the financial statements at 31 December 2019

Foreword

Dear Shareholders,

The financial year ended with a net profit of € 9.6 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 significant events in 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 Company belongs to the Toto Group which is responsible for its management and coordination via Toto Holding S.p.A. The following table provides the key figures from the most recently approved financial statements of said company which carries out management and coordination activities and which prepares the consolidated financial statements.

Description	2018	2017
BALANCE SHEET		
ASSETS		
A) Share capital proceeds to be received		
B) Fixed assets	373,998,350	363,665,260
C) Current assets	23,795,902	31,240,586
D) Prepayments and accrued income	162,735	766,057
Total assets	397,956,987	395,671,903
LIABILITIES:		
A) Net equity:	285,566,383	297,078,559
Share capital	100,000,000	100,000,000
Reserves	262,445,954	262,157,816
Profit (loss) carried forward	(65,367,396)	(70,834,444)
Profit (loss) for the year	(11,512,175)	5,755,187
B) Provisions for risks and charges	7,012,849	678,404
C) Employees' leaving entitlement	391,806	363,576
D) Payables	104,674,065	97,549,347
E) Accrued expenses and deferred income	311,884	2,017
Total liabilities	397,956,987	395,671,903
PROFIT AND LOSS ACCOUNT		
A) Production revenues	4,876,893	4,488,350
B) Production costs	16,421,511	8,902,846
C) Financial income and charges	10,282,732	11,159,058
D) Value adjustments to financial assets	(10,408,236)	(326,156)
Income taxes for the year	(157,947)	663,219
Net profit (loss) for the year	**(11,512,175)**	**5,755,187**

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

Pursuant to article 2427.22-*quinquies* and *sexies* of the Italian Civil Code, Toto Holding S.p.A., with registered office in Viale Abruzzo 410, Chieti, prepares the consolidated financial statements of the Group of which the Company is part. These consolidated financial statements are available at the registered office of Toto Holding S.p.A. 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.

Ability to continue as a going concern

Situation prior to Covid-19

As at 31 December 2019, the assumption of the Company being able to carry on its business as a going concern was based on its ability to maintain its economic and financial balance as set out in the business plan for 2020-2023 (the "pre-Covid-19 Plan) and in the 2020 budget. The Pre-Covid-19 Plan, like those of the Group's other business units (BU), envisaged investments covered by means of a structured financing arrangement (the "**Loan**") with an international investment fund. The arrangement envisaged an investment in the Group through the Energy BU, with two separate credit lines: *(i)* the issue of a listed bond by the Company and *(ii)* the disbursement of a loan in favour of the American subsidiary US Wind Inc. The Loan will be for up to € 225 million and will be backed by guarantees given by the Group in favour of the subscriber (or its special-purpose vehicles) in the form of pledges on shares and corporate guarantees of the various Group companies. As already mentioned, the Loan will support the main investments set out in the Plan, of which those in the energy sector are one of the main drivers of business, along with investments in the area of concessions. As the Plan was drawn up prior to the outbreak of the Covid-19 pandemic, the scenario considered in the original version did not consider the effects of the virus and regarded the period from 2020 until 2023.

With the outbreak of the pandemic, the signing of the Loan agreement was delayed shortly before the agreed signing date.

Impact of Covid-19 and mitigating actions

The consequences of the Covid-19 pandemic have forced the Company and the entire Group to consider adopting the measures made available by the Italian Government to support businesses in this period of national crisis. For that reason, and in order to benefit from these support measures, the Company and the Group have revised and integrated the Business Plan, which has been extended to cover the period from 2020 until 2026.

At the time of writing, there are considerable uncertainties about the effects of the Covid-19 pandemic that pose a number of risks for the Company, not in terms of a direct impact on operational management, but rather in relation to a reduction in liquid funds at the level of the Group.

Note that, following the outbreak of Covid-19,

1) the Company has not experienced a decrease in turnover (it provides technical services to other Group companies, mainly for the development of projects in the area of green economy);
2) it has not had any particular issues with its supply chain or the credit market (the Company has not received any bank loans or lines of credit because cash resources are mainly managed through the inter-company current account).

The main risks concern the shortage of liquid assets within the Group as a whole which, in turn, affects the Company in terms of the availability of adequate cash flows to repay its debt.

In particular, as regards the financial risks to which the subsidiary Renexia Wind Offshore S.p.A. is exposed, considering the current situation, certain trade payables include clauses that, if activated, could result in the enforcement of guarantees given by the Company.

In that context, the Directors immediately imposed compensatory measures in an attempt to minimise the physiological effects of the pandemic from an organisational and financial perspective. These consisted in:

- putting in place all the necessary measures to safeguard the health of employees, including the adoption of a specific "COVID-19 SAFETY PROTOCOL";
- encouraging the use of remote working;
- using digitised infrastructure to provide technical services remotely;
- using social welfare measures (the "CIGO" wage guarantee fund) for nine weeks starting from April;
- Applying all the available regulatory tax measures introduced by the "Cura Italia" Decree-law and subsequently by the "Liquidity Decree", with which the Italian Government suspended a wide range of withholding taxes, VAT payments and social security contributions (deferral of deadlines and suspension of tax and social security payments);
- taking advantage, in coordination with Group management, of all the options introduced by the Decree-law dated 8 April 2020 ("Liquidity Decree") in terms of measures to support the liquidity of Italian businesses. More in detail, talks with a leading Italian bank to quickly obtain a loan are already at an advanced stage. SACE will guarantee 90% of the six-year loan which envisages a three-year pre-amortisation period and amortisation over three years, in accordance with the aforesaid Liquidity Decree.

The Group has analysed the impacts of the pandemic on its planned operations, considering possible future scenarios which are, as yet, still difficult to define; for the Company, as mentioned above, the greatest challenges posed by the pandemic are linked to fixed overhead costs, which must still be paid, albeit using the measures described above to mitigate the effects.

Despite these significant uncertainties, which could cast considerable doubt on the Company's ability to continue as a going concern, the going concern basis has been used in the preparation of the financial statements at 31 December 2019, based on currently available information, the examination and assessment of the impacts of the possible alternative scenarios and considering the actions taken by the Directors.

In preparing the financial statements at 31 December 2019, the Company has made use of the derogation option provided for in article 7 of Decree-law No. 23 of 8 April 2020 (see the paragraph on “Derogation options”). This means that the going concern basis applied at the reporting date, without considering the events that occurred after 31 December 2019, and thus without taking into account the possible effects of significant uncertainties concerning the evolution of the Covid-19 pandemic in the 12 months after that date.

In view of the above, the Directors have prepared the financial statements on a going concern basis. Please note, however, that some assets owned by the Company are not recognised at their full value in the financial statements, in that their market value is significantly higher than their original carrying amount (see the US WIND project), as borne out by the interest shown by third-party investors willing to make substantial investments based on the value of such assets and their potential in terms of guarantees.

It is also important to note that the above measurements, while based on a careful, detailed analysis of the current situation, are based on forecasts considering future events that could differ very significantly from the actual scenarios in the short and medium term as a consequence of events that, to date, are not reasonably foreseeable. The Directors will monitor the situation and apply all the corrective actions necessary in respect of those that are currently planned.

In working to overcome this difficult period as quickly as possible, the Company is examining the possibility of benefiting from the instruments made available under the new “Relaunch Decree” No. 34 dated 19 May 2020, published in Official Gazette No. 128 of 19 May 2020, should these offer interesting opportunities.

Basis of preparation

These financial statements have been prepared on a going concern basis, as supported by the Company and Group-level Business Plan for 2020 - 2026.

The financial statements at 31 December 2019 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 No. 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

(Ref. article 2427.1.1 of the Italian Civil Code)

The measurement criteria applied to the preparation of these financial statements at 31 December 2019 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 booked on an accrual 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.

Heterogeneous entries included in the single items are measured separately.

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 explanatory notes.

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

The provisions introduced by articles 6 and 7 of Decree-law No. 23 of 8 April 2020 ("Liquidity Decree - converted on 6 June 2020 into Law No. 40/2020 published in Official Gazette No. 143) have also been taken into account, as explained in more detail in the following paragraph.

Derogation options

(Ref. article 2423.4 of the Italian Civil Code)

As stated in the paragraph on "Ability to continue as a going concern", the financial statements at 31 December 2019, like those for the previous financial year ending on 31 December 2018, have been prepared assuming that the business will continue to operate, in accordance with paragraph 21 of OIC 11. For that reason, in view of events linked to the spread of the Covid-19 pandemic, the Company has opted to depart from the rules laid down in article 2423-*bis*.1.1 of the Italian Civil Code, as permitted by article 7 of Decree-law No. 23 of 8 April 2020 (converted into Law No. 40/2020 on 6 June 2020 published in Official Gazette No. 143). In making use of this option, the financial statements at 31 December 2019 have been prepared in accordance with all applicable accounting standards with the exception of paragraphs 23 and 24 of OIC 11 and paragraph 59 c) of OIC 29

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.

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 accrual 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 Italian 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 accrual 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 accrual 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 accrual 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 accrual 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 31 October 2019.

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 during 2019 are shown in the table below, broken down by category.

Workforce at 31 December 2019

Breakdown	31/12/2019	31/12/2018	Changes in the year
Senior management	1	1	0
Executives	3	2	1
White collars	12	13	(1)
Total	16	16	0

Average workforce at 31 December 2019

Breakdown	31/12/2019	31/12/2018	Changes in the year
Senior management	1.0	1.0	0.0
Executives	2.0	2.0	0.0
White collars	13.0	13.0	0.0
Total	16.0	16.0	0.0

Balance sheet

Assets

B) Fixed assets

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
84,486,309	106,490,136	(22,003,827)

I) Intangible fixed assets

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
283,844	25,539	258,305

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Industrial patents	5,169	11,755	(6,586)
Concessions, licences, trademarks and similar rights	8,652	13,784	(5,132)
Assets under development and payments on account	270,023	0	270,023
Total	283,844	25,539	258,305

Change in intangible fixed assets

Industrial patents and intellectual property rights

Description	31/12/2018	Increases	Transferred balance	Amortisation	Balance at 31/12/2019
Software licences	11,755	400	0	(6,986)	5,169
Total	11,755	400	0	(6,986)	5,169

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	31/12/2018	Increases	Transferred balance	Amortisation	Balance at 31/12/2019
Concessions, licences, trademarks and similar rights	13,784	0	0	(5,132)	8,652
Total	13,784	0	0	(5,132)	8,652

The item includes the capitalisations in prior years for costs incurred to develop and register the Company's trademark in order to make it recognisable and appealing to the market.
Amortisation is calculated over ten years.

Assets under development and payments on account

Description	31/12/2018	Increases	Write-downs	Decrease	Amortisation	Balance at 31/12/2019
Project development costs	0	0	270,023	0	0	270,023
Total	0	0	270,023	0	0	270,023

Increases during the year refer to the costs sustained to develop projects in order to obtain single authorisations (i.e., to acquire companies that hold such authorisations) in Morocco and Italy, especially in the province of Benevento. 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

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
73,774	44,350	29,424

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Plant and machinery	20,178	28,018	(7,840)
Other assets	53,596	16,332	37,264
Assets under construction and advance payments	0	0	0
Total	73,774	44,350	29,424

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
Balance at 31/12/2018	**28,018**
Increases of the period	0
Depreciation of the period	(7,840)
Balance at 31/12/2019	**20,178**

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.

Other assets

Description	Amount
Balance at 31/12/2018	**16,332**
Increases of the period	47,230
Depreciation of the period	(9,966)
Balance at 31/12/2019	**53,596**

This item comprises “Office equipment” and “Cars”. The residual value is equal to € 54 thousand, depreciated at 20% (the rate is halved during the first year in which the asset comes into use).

III) Financial fixed assets

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
84,128,691	106,420,247	(22,291,556)

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Equity investments	32,279,771	33,104,539	(824,768)
Receivables	51,848,920	73,315,708	(21,466,788)
Total	84,128,691	106,420,247	(22,291,556)

Equity investments

Company	Balance at 31/12/2018	Increases	Transfer	Write-downs / Reclassifications	Balance at 31/12/2019
Subsidiaries	33,091,716	2,624,001	(1,437,860)	(2,010,909)	32,266,948
Other companies	12,823	0	0	0	12,823
Total	33,104,539	2,624,001	(1,437,860)	(2,010,909)	32,279,771

Investments in subsidiaries are recognised at purchase cost including any ancillary charges. Changes in the year comprise: increases for € 2,624 thousand, a transfer for € 1,438 thousand and write-downs and reclassifications for € 2,011 thousand.

“Increases” refer to:

- the establishment of RENEXIA PECH. The Company established Renexia Pech S.p.A. on 12 June 2019, as part of its development of the PECH wind farm construction project (with a capital contribution of € 50 thousand) in order to create a corporate structure capable of attracting third-party lenders;
- the establishment of RENEXIA RECHARGE. The Company established Renexia Recharge S.r.l. on 2 December 2019, as part of the project to distribute charging stations throughout Italy (with a capital contribution of € 10 thousand);
- capital contributions paid during the year (for € 2,048 thousand) to the subsidiary RENEXIA WIND;
- capital contributions paid during the year (for € 516 thousand) to the subsidiary RENEXIA PECH.

The “Transfer” item (€ 1,438 thousand) refers to the transaction involving the subsidiaries Renexia Pech S.p.A. and Parco Eolico Casalduni House S.r.l. (“**PECH**”).

On 25 June 2019, the Company transferred its investment in PECH, at the carrying amount (€ 2,901 thousand), to the newly-established RENEXIA PECH, by means of a notorially-attested deed (Deed No. 499957 - Vol. No. 11884) together with the residual balance payable to acquire the investment from the previous owners (€ 1,450 thousand). The transaction was conducted in accordance with the provisions of article 2443-*ter*.2(b) of the Italian Civil Code; for that purpose, the Company appointed an independent expert to evaluate the equity investment in PECH as at 31 December 2018 ("**Date of Reference**"). In the appraisal report, the expert stated that "....*the amount attributable to the Company - PECH - as at the Date of Reference, and thus at the entire value of the shares, held by Renexia S.p.A., representing the entire share capital, is at least equal to € 5.54 million, i.e., equal to the central value in the range identified using the unlevered discounted cash flow method, with a minimum value of € 3.28 million and a maximum value of € 7.99 million".* In conclusion, in exchange for the contribution, the Company received new shares in Renexia Pech S.p.A. for the book value of the transfer of the investment in PECH net of the residual balance payable to the previous owners.

"Write-downs / Reclassifications", amounting to € 2,011 thousand, comprise:

- the reclassification of the investment in Intersun S.r.l. (€ 802 thousand) under "*Financial assets not held as fixed assets*" following the signing, on 3 April 2019, of the agreement for the sale of 100% of the shares of Intersun S.r.l. Indeed, under the contract to acquire Beleolico S.r.l., which was completed on 21 May 2018 with a notorially-attested deed recording the share transfer, the Company, through the Renexia Wind Offshore S.p.A. subsidiary, reached an agreement with the previous owners on a deferred payment plan which also includes the option to pay part of the price of the investment in Beleolico S.r.l. by transferring 100% of the interest in Intersun S.r.l. The transaction is, however, subject to the occurrence of certain contractually-agreed events and will be completed in the coming months, within the framework of the contract to acquire Beleolico S.r.l.;
- the write-down of the investment in the Tunisian subsidiary MEDWIND, for € 530 thousand, to bring the carrying amount of the investment in line with the offer received by the Company, which is considering whether to sell its interest;
- the write-down of the investments in INDACO (for € 344 thousand) and VOLERE VOLARE (for € 335 thousand) for the reasons described below in the paragraph on the "Melfi Projects".

INDACO and VOLERE VOLARE are the two companies acquired in 2017 by means of a notorially-attested deed implementing the preliminary agreement signed in the previous year. Both subsidiaries are developing projects for the installation of mini wind turbines in the municipality of Melfi (province of Potenza). The original project regarded the installation of five 200-kW wind turbines by each company.

On 4 February 2020, the municipal council of Melfi passed a resolution extending the "Areas and Sites not suitable for the installation of plants producing renewable energy" to the entire municipality, ending all hope of the two companies being able to complete their original projects. This resolution marks the final step in a regional regulatory process (which also included a specific service meeting that ended on 12 December 2019), which first introduced new limits for the areas that could be used for mini wind farm projects and then imposed a ban on all new installations. The two subsidiaries have examined the possibility of pursuing the projects in neighbouring municipalities (Lavello), but this seems unlikely due to issues regarding the ownership of the land to be used and the price being asked by the owners. Therefore, in view of the situation as at the reporting date, the Directors have prudentially written down the two investments, as the differences between the carrying amount and the amount determined using the net equity method are not deemed recoverable and thus constitute impairments of value.

Returning once again to "Equity investments", information about investees and their business activities in 2019 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 for the year ending on 31 December 2019.

Company	City or foreign country	Share capital	% of invest.	Net equity	Profit/loss	Equity method (*)	Carrying amount
Renexia Services S.r.l.	Chieti	€ 100,000	70.00%	1,130,700	153,116	5,341,490	170,000
US Wind	USA	$ 100,000	100.00%	38,126,540	(3,465,652)	156,444,280	24,431,487
Medwind	Tunisia	5,000 dinars	80.00%	111,145	(26,804)	88,916	390,195
Renexia Wind Offshore S.p.A.	Chieti	€ 50,000	100.00%	1,927,793	(1,702,637)	1,927,793	4,853,000
Good Wind S.r.l.	Chieti	€ 10,000	100.00%	10,258	(2,454)	10,258	117,888
Spartivento S.r.l.	Chieti	€ 10,000	100.00%	8,475	(2,421)	8,475	117,888
Calabria Energia S.r.l.	Chieti	€ 10,000	100.00%	14,885	(2,782)	14,885	117,888
Indaco S.r.l.	Chieti	€ 10,000	100.00%	10,238	(2,136)	10,238	10,238
Volere Volare S.r.l.	Chieti	€ 10,000	100.00%	18,723	(2,302)	18,723	18,724
Renexia Pech S.p.A.	Chieti	€ 1,000,000	100.00%	1,688,325	(329,175)	1,688,325	2,029,640
Renexia Recharge S.r.l	Chieti	€ 10,000	100.00%	10,000	0	10,000	10,000
Total							32,266,948

(*) Since the company does not prepare the 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) Medwind S.a.r.l.

The Tunisian company is developing projects for the construction of two on-shore wind power plants.

The investment is measured at purchase cost and the recognition of an amount that is higher than the amount resulting from application of the equity method is deemed recoverable based on the expressions of interest received from third parties. The carrying amount of the investment has been adjusted according to the offers received

2) 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 investment is measured at cost and its recognition at an amount that is higher than the amount resulting from application of the equity method is justified by the sale price of Beleolico S.r.l. established as part of a sale transaction subject to the occurrence of specific events contractually-agreed by the parties. Further details are provided in the paragraph on "Significant events in the year".

The recoverability of the amount of the investment is further confirmed by the business plan of Beleolico S.r.l., according to which, 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.

3) Renexia Pech S.p.A.

As described in the paragraph on “Significant events in the year”, to which reference should be made for more details, Renexia Pech is a special-purpose vehicle used by the Group to develop the project for the construction of the wind farm, authorisation for which is held by the Parco Eolico Casalduni House S.r.l. subsidiary.

The investment is recognised at the start-up 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.

4) Good Wind S.r.l. – Calabria Energia S.r.l. – Spartivento S.r.l.

The three companies acquired in 2016 are developing three projects for the installation of mini wind turbines in the municipality of Melendugno.

The investments are measured at purchase cost and recognised at a value that is higher than the amount resulting from application of the adjusted equity method. This is justified by the fact that the companies are in the start-up stage and the expected future profitability that will be generated once the construction permits are obtained as envisaged in the respective long-term plans.

Receivables

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
From subsidiaries	14,119,108	20,261,540	(6,142,432)
From parents	37,729,812	52,730,639	(15,000,827)
Others	0	323,529	(323,529)
Total	51,848,920	73,315,708	(21,466,788)

Description	31/12/2018	Increases	Reclassifications	Decreases	Balance at 31/12/2019
From subsidiaries	20,261,540	4,445,761	0	(10,588,193)	14,119,108
From parents	52,730,639	54,777,971	0	(69,778,798)	37,729,812
Others	323,529	0	0	(323,529)	0
Total	73,315,708	59,223,732	0	(80,690,520)	51,848,920

Receivables “from subsidiaries”, for € 14,119 thousand, fell by € 6,142 thousand in 2019; decreases (€ 10,558 thousand) mainly refer for € 9,188 thousand to repayments received from Renexia Wind Offshore S.p.A. and for € 1,230 thousand to the contribution described in the paragraph on “Significant events in the year- Parco Eolico Casalduni House Project”, which also involved the Renexia PECH S.r.l. subsidiary. Increases in the year refer to disbursements to support subsidiaries.

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

Description	31/12/2018	Increases	Reclassifications	Decreases	Balance at 31/12/2019
Renexia Wind Offshore S.p.A.	19,093,701	2,873,634		(9,188,436)	12,778,899
Parco Eolico Casalduni S.r.l.	1,152,908	146,848		(1,299,757)	(1)
Good Wind S.r.l.	0	2,235		0	2,235
Spartivento S.r.l.	0	1,100			1,100
Calabria Energia S.r.l.	0	2,039		0	2,039
Indaco S.r.l.	7,450	1,684		0	9,134
Volere Volare S.r.l.	7,481	2,142		0	9,623
Beleolico S.r.l.	0	94		0	94
Renexia Pech. S.p.A.	0	1,363,985		(100,000)	1,263,985
MedWind Sarl	0	52,000			52,000
Total	20,261,540	4,445,761	0	(10,588,193)	14,119,108

Receivables from “parents” amount to € 37,730 thousand. The net decrease of € 15,001 thousand in 2019 relates to disbursements for € 54,780 thousand and reductions for € 69,779 thousand. Decreases mainly reflect, for € 60,075 thousand, the resolution of shareholders of 30 April 2019 on the approval of the 2018 financial statements and the pro-rata distribution of part of the 2018 profit.

The decrease in receivables from “others” (€ 324 thousand) refers to the repayment of the cash collateral paid by the Company at the end of 2018 to enable the Medwind Sarl subsidiary to apply for the allocation of a construction permit for the El Haouaria Ovest wind farm in Tunisia. The Group was not awarded the contract and the deposit was refunded in 2019.

The breakdown of receivables by geographical area at 30 June 2019 is shown in the table below (article 2427.1.6, Italian Civil Code).

Description	From subsidiaries	From parents	From others	Total
Italy	14,067,108	37,729,812	0	51,796,920
Non-EEC	52,000			52,000
Total	14,119,108	37,729,812	0	51,848,920

C) Current assets

II) Receivables

Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
4,614,224	4,798,985	(184,761)

Description	Balance at 31/12/2019	Balance at 31/12/2018	Total
Trade receivables	2,120,211	2,150,132	(29,921)
From subsidiaries	1,181,295	1,614,143	(432,848)
From parents	355,651	377	355,274
From subsidiaries of parents	4,613	2,622	1,991
Tax receivables	482,455	451,653	30,802
Deferred tax assets	46,675	38,289	8,386
From others	423,324	541,769	(118,445)
Total	4,614,224	4,798,985	(184,761)

Description	Due within one year	Due after one year	Due after five years	Total
Trade receivables	2,120,211			2,120,211
From subsidiaries	1,181,295			1,181,295
From parents	355,651			355,651
From subsidiaries of parents	4,613			4,613
Tax receivables	482,455			482,455
Deferred tax assets	46,675			46,675
From others	423,324			423,324
Total	4,614,224	0	0	4,614,224

“Trade receivables” (€ 2,120 thousand) mainly comprise receivables from CVA related to the amounts withheld from the sale price of the investment in Ponte Albanito S.r.l.

Receivables “from subsidiaries” (€ 1,181 thousand) includes trade receivables and may be analysed as follows:

- € 557 thousand from Medwind consisting of trade receivables for the technical services provided to the Tunisian subsidiary;
- € 167 thousand from Parco Eolico Casalduni House S.r.l. consisting of trade receivables for the technical services provided to the subsidiary;
- € 131 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 231 thousand from US Wind Inc. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 58 thousand from the mini wind farm companies for the technical services provided to the subsidiaries;
- € 33 thousand from INTERSUN for the maintenance service contract in relation to the subsidiary’s photovoltaic plant;

- € 3 thousand from the RENEXIA RECHARGE subsidiary for re-charging of costs incurred.

Receivables "from subsidiaries of parents" (€ 5 thousand) comprise the amounts due from other group companies related to the recharging of costs incurred on their behalf.

"Tax receivables", equal to € 482 thousand, include the VAT receivable at the reporting date (€ 467 thousand) and the IRAP (regional production tax) receivable for payments on account in previous years (€ 15 thousand).

"Deferred tax assets" (€ 47 thousand) comprise the deferred tax assets calculated on non-deductible amortisation charges for trademarks and default interest determined on the basis of the tax rates presumably in force during the tax periods in which they will reverse.

Receivables "from others" (€ 423 thousand) comprise receivables from employees of € 200 thousand, advances to suppliers for services of € 212 thousand and guarantee deposits of € 11 thousand.

The breakdown of receivables by geographical area at 31 December 2019 is provided in the table below (article 2427.1.6, Italian Civil Code).

Description	Trade receivables	From subsidiaries	From parents	From subsidiaries of parents	Tax receivables	Deferred tax assets	From others	Total
Italy	2,120,211	392,368	355,651	4,613	482,455	46,675	423,324	3,825,297
EEC								0
Non-EEC		788,927						788,927
Total	2,120,211	1,181,295	355,651	4,613	482,455	46,675	423,324	4,614,224

III) Financial assets not held as fixed assets

Equity investments

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Equity investments	901,851	0	901,851
Total	901,851	0	901,851

Company	Balance at 31/12/2018	Reclassifications	Capital contributions	Balance at 31/12/2019
Intersun S.r.l.	0	801,851	100,000	901,851
Total	0	801,851	100,000	901,851

As mentioned in the paragraph on long-term investments, on 3 April 2019 the Company signed the agreement for the sale of 100% of its shares in Intersun S.r.l.: under the contract to acquire Beleolico S.r.l., which was completed on 21 May 2018 with a notorially-attested deed recording the share transfer, the Company, through the Renexia Wind Offshore S.p.A. subsidiary, reached an agreement with the previous owners on a deferred payment plan which also includes the option to pay part of the price of the investment in Beleolico S.r.l. by transferring 100% of the interest in Intersun S.r.l. The transaction, which is, however, subject to the occurrence of certain contractually-agreed events, is expected to be completed by mid-2020, within the framework of the contract to acquire Beleolico S.r.l. At the end of 2019, the Company paid a capital contribution of € 100 thousand.

The contractually-agreed sale price will be sufficient to recover the carrying amount of the investment.

The shares of Intersun S.r.l. have been pledged as a guarantee for the obligations of the subsidiary vis-à-vis third parties regarding the loans received for the construction of the photovoltaic plant owned by the subsidiary.

IV) Liquid funds

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
1,054,728	14,441,940	(13,387,212)

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Bank and postal accounts	1,046,305	14,434,799	(13,388,494)
Cash-in-hand and cash equivalents	8,423	7,141	1,282
Total	1,054,728	14,441,940	(13,387,212)

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

D) Prepayments and accrued income

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
71,702	21,286	50,416

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Prepayments	71,702	21,286	50,416
Total	71,702	21,286	50,416

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 2019 mainly relates to the down payment for a car lease.

Liabilities

A) Net equity

(Ref article 2427.1.4, 7 and 7-*bis*, Italian Civil Code)

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
38,169,711	103,517,153	(65,347,442)

Description	31/12/2018	Increases	Decreases	Balance at 31/12/2019
Capital	5,000,000			5,000,000
Share premium reserve	528,216			528,216
Legal reserve	449,512	471,784		921,296
Reserve for future capital increases	10,800,000			10,800,000
Profit (loss) carried forward	(10,183,337)	21,450,979		11,267,642
Net profit (loss) for the year	96,922,762	9,652,557	(96,922,762)	9,652,557
Total	103,517,153	31,575,320	(96,922,762)	38,169,711

Changes in net equity may be analysed as follows.

Description	Share capital	Share premium reserve	Legal reserve	Reserve for future capital increases	Profit/loss carried forward	Net profit (loss) for the year	Total
2017	**5,000,000**	**528,216**	**449,512**	**10,800,000**	**(8,806,741)**	**(1,376,596)**	**6,594,391**
Allocation of net profit			0		(1,376,596)	1,376,596	0
Shareholder’s waiver of receivable							0
Net profit (loss) for the current year						96,922,762	96,922,762
Rounding							0
Balance at 31 December 2018	**5,000,000**	**528,216**	**449,512**	**10,800,000**	**(10,183,337)**	**96,922,762**	**103,517,153**
Allocation of net profit			471,784		21,450,978	(96,922,762)	(75,000,000)
Payment of dividend							0
Net profit (loss) for the current year						9,652,557	9,652,557
Rounding					1		1
Balance at 31 December 2019	**5,000,000**	**528,216**	**921,296**	**10,800,000**	**11,267,642**	**9,652,557**	**38,169,711**

On 30 April 2019, when approving the financial statements at 31 December 2018, the shareholders also resolved to allocate € 75 million as dividends.

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
Capital	5,000,000				
Share premium reserve	528,216				
Legal reserve	921,296	B	921,296		
Reserve for future capital increases	10,800,000	A,B,C	10,800,000		
Retained earnings	11,267,642		11,267,642	(10,183,337)	
Total	**28,517,154**		**22,988,938**	**(10,183,337)**	
Non-distributable amount			78,704		
Residual distributable amount			22,910,234		

(*) A: to increase capital; B: to cover losses; C: dividends

B) Provisions for risks and charges

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
3,471,926	3,412,632	59,294

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Tax provision, including deferred tax liabilities	2,520	2,520	0
Other provisions	3,469,406	3,410,112	59,294
Total	3,471,926	3,412,632	59,294

"Other provisions" (€ 3,469 thousand) refer to the prudential accrual recognised in relation to the compensation, if any, that the Company may have to pay C.v.a. S.p.A. following the sale of the investment in Ponte Albanito S.r.l. (January 2015) in connection with the dispute commenced by Energy & Technical Services S.r.l. ("ETS"). For further information, reference should be made to the paragraph on "Other risks – Arbitration award" in the management report.

C) Employees' leaving entitlement

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
136,461	90,163	46,298

Description	31/12/2018	Increase	Advances/payments	Balance at 31/12/2019
Employees' leaving entitlement	90,163	46,298	0	136,461
Total	90,163	46,298	0	136,461

The 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 2019.

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 Italian 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

(Ref. article 2427.1.4 of the Italian Civil Code)

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
49,348,028	18,732,399	30,615,629

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes
Bank loans and borrowings	9,191	15,383	(6,192)
Trade payables	717,628	1,771,296	(1,053,668)
Payables to subsidiaries	34,029,541	15,386,044	18,643,497
Payables to parents	336,273	492,660	(156,387)
Payables to subsidiaries of parents	156,546	172,889	(16,343)
Tax payables	1,229,802	504,184	725,618
Social security charges payable	137,152	171,160	(34,008)
Other payables	12,731,895	218,783	12,513,112
Total	49,348,028	18,732,399	30,615,629

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

Description	Due within one year	Due after one year	Due after five years	Total
Bank loans and borrowings	9,191			9,191
Trade payables	717,628			717,628
Payables to subsidiaries	34,029,541			34,029,541
Payables to parents	336,273			336,273
Payables to subsidiaries of parents	156,546			156,546
Tax payables	1,145,850	83,952		1,229,802
Social security charges payable	137,152	0		137,152
Other payables	12,731,895			12,731,895
Total	49,264,076	83,952	0	49,348,028

“Bank loans and borrowings” (€ 9 thousand) mainly comprise the liability related to prepaid cards.

“Trade payables” amount to € 718 thousand. The item comprises amounts due to suppliers for goods and services acquired during the period for normal business activities.

“Payables to subsidiaries” (€ 34,030 thousand) refer to the balance at the end of the year of the loans received from Renexia Services S.r.l. (€ 33,777 thousand) and from Intersun S.r.l. (€ 252 thousand). Interest accrues on the loans received in accordance with the contract signed between the parties, which regulates intragroup money remittances.

"Payables to parents", of € 336 thousand (€ 493 thousand in 2018), refer entirely to trade payables for services received.

"Payables to subsidiaries of parents" (€ 156 thousand) comprise:

- Trade payables to the related company Strada dei Parchi S.p.A. amounting to € 37 thousand.
- Trade payables to the related company Toto Tech S.r.l. amounting to € 27 thousand;
- Trade payables to the related company Toto Real Estate S.p.A. amounting to € 64 thousand.
- Trade payables to the related company TOTO S.p.A. Costruzioni Generali amounting to € 20 thousand;
- Trade payables to the related company Ambra S.r.l. amounting to € 8 thousand.

"Tax payables" of € 1,229 thousand refer to the amount due to the tax authorities for withholdings on employees' remuneration and freelancers' fees (€ 484 thousand), VAT payable in instalments (€ 121 thousand) and amounts due to the tax authorities for withholdings on dividends paid (€ 624 thousand).

"Social security charges payable" of € 137 thousand refer to the amounts payable to the INPS, INAIL and PREVINDAI social security institutes and supplementary pension funds accrued during the year. This item comprises the amount due to INPS for contributions payable in instalments (€ 53 thousand).

"Other payables" of € 12,732 thousand mainly include:

- amounts due to the board of statutory auditors (€ 16 thousand);
- payables to employees for June salaries paid in July, the 14th-month pay, holiday and leave pay accrued at the reporting date and still to be paid (€ 189 thousand);
- amounts due to shareholders for the 2018 dividend resolved by the meeting of shareholders on 30 April 2019 (€ 12,525 thousand).

The breakdown of payables by geographical area at 31 December 2019 is shown in the table below (article 2427.1.6, 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	9,191	703,887	34,029,541	336,273	156,546	1,229,802	137,152	12,731,894	49,334,286
EEC		13,741							13,741
Non-EEC		0							0
Total	9,191	717,628	34,029,541	336,273	156,546	1,229,802	137,152	12,731,894	49,348,027

E) Accrued expenses and deferred income

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
2,688	0	2,688

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes
Accrued expenses	2,688	0	2,688
Total	2,688	0	2,688

These are adjusting entries for the year calculated on an accrual basis. The item amounts to € 3 thousand at 31 December 2019.

Profit and loss account

A) Production revenues

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
776,389	726,120	50,269

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Turnover from sales and services	763,222	659,641	103,581
Internal work capitalised	0	0	0
Other revenues and income	13,167	66,479	(53,312)
Total	776,389	726,120	50,269

Turnover from sales and services of € 763 thousand comprises:

- services provided to the US subsidiary US Wind amounting to € 231 thousand;
- services provided to the subsidiary RENEXIA SERVICES amounting to € 125 thousand;
- services provided to the Tunisian subsidiary MEDWIND amounting to € 32 thousand;
- services provided to the subsidiary PECH amounting to € 154 thousand;
- services provided to the subsidiary INTERSUN amounting to € 33 thousand;
- services provided to other group companies amounting to € 37 thousand;
- services provided to third parties amounting to€ 150 thousand.

Revenues by business segment

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Other revenues from investment management	150,000	0	150,000
Technical and administrative services	613,222	659,641	(46,419)
Total	763,222	659,641	103,581

Revenues by geographical area

Description	Technical and administrative services	Other revenues	Total
Italy	580,592	150,000	730,592
EEC			0
Non-EEC	32,630	0	32,630
Total	**613,222**	**150,000**	**763,222**

B) Production costs

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
4,552,373	11,080,320	(6,527,947)

The breakdown of production costs is as follows:

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Raw materials, supplies and goods	51,940	38,082	13,858
Services	1,711,716	1,548,826	162,890
Use of third-party assets	284,591	207,985	76,606
Wages and salaries	1,211,623	1,077,990	133,633
Social security contributions	232,624	213,894	18,730
Employees' leaving entitlement	67,526	67,086	440
Other personnel costs	4,712	4,071	641
Amortisation of intang. fixed assets	12,118	11,986	132
Depreciation of tang. fixed assets	17,806	11,155	6,651
Other write-downs of fixed assets	0	2,262,599	(2,262,599)
Provision for risks and charges	0	0	0
Other provisions	16,300	0	16,300
Other operating costs	941,417	5,636,646	(4,695,229)
Total	4,552,373	11,080,320	(6,527,947)

The main changes compared to the previous year refer to:

- services, which increased by € 163 thousand;
- personnel costs (up € 134 thousand);
- write-downs of fixed assets not present for 2019;
- other operating costs, which decreased by € 4,695 thousand. The change is attributable to the different incidence of withholding tax (WT) paid in the United States, through the American subsidiary US Wind Inc., on the payment of dividends, in the two financial years. In 2018, WT amounted to around € 4.9 million (calculated on a € 105 million dividend received), whereas in 2019, WT amounted to € 631 thousand (calculated on a € 13 million dividend received).

The main cost items are described below.

Raw materials, supplies and goods (€ 52 thousand)

Raw materials, consumables, supplies and goods include costs for fuel (€ 34 thousand) which is the most significant item.

Services (€ 1,712 thousand)

Costs for services consist primarily of:

- Administrative services for € 378 thousand;
- Business and technical advisory services for € 427 thousand;
- Commissions on sureties for € 252 thousand;
- Directors' fees for € 128 thousand;
- Travel, food and lodging expenses for € 154 thousand;
- Fees for the Supervisory Body for € 32 thousand;
- Fees paid to the Board of Statutory Auditors for € 16 thousand;
- Legal advisory services for € 163 thousand;
- Insurance for € 38 thousand;
- Other costs for € 124 thousand.

Use of third-party assets (€ 286 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 (€ 1,516 thousand)

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

Amortisation/depreciation of intangible (€ 12 thousand) and tangible (€ 18 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 sections which provide details on the movements and rates used.

Other operating costs (€ 941 thousand)

The balance of this item comprises:

- Withholding taxes related to the distribution of dividends by the US subsidiary US Wind Inc. (€ 631 thousand);
- Provisional pro rata VAT of the year for € 247 thousand;
- Fines and penalties of € 12 thousand;
- Penalties for the late payment of taxes of € 9 thousand;
- Other costs for € 42 thousand.

C) Financial income and charges

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
15,122,130	107,680,093	(92,557,963)

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Income from equity investments (dividends)	13,284,917	108,182,823	(94,897,906)
Income from financial receivables classified as fixed assets	2,742,384	44,385	2,697,999
Other financial income	14,189	16,770	(2,581)
(Interest and financial charges from parents)	0	(344,738)	344,738
(Interest and financial charges from subsidiaries)	(988,570)	(385,686)	(602,884)
(Interest and other financial charges)	(67,904)	(66,642)	(1,262)
Net exchange rate gains (losses)	137,114	233,181	(96,067)
Total	15,122,130	107,680,093	(92,557,963)

"Income from equity investments" amounts to € 13,285 thousand and comprises the dividend paid by the subsidiary US Wind Inc.

Income from financial receivables classified as fixed assets includes the interest accrued on loans granted to subsidiaries and to the parent (€ 2,742 thousand).

Financial charges consist of interest expense accrued in the year on loans disbursed by subsidiaries (€ 989 thousand).

D) Value adjustments to financial assets

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
(1,209,058)	0	(1,209,058)

Description	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Write-downs of equity investments	(1,209,058)	0	(1,209,058)

The balance of this item includes:

- the write-down of the investment in the Tunisian subsidiary MEDWIND, for € 530 thousand, to bring the carrying amount of the investment in line with the offer received by the Company, which is considering whether to sell its interest;
- the write-down of the investments in INDACO (for € 344 thousand) and VOLERE VOLARE (for € 335 thousand) for the reasons described in the paragraph on "Equity investments", to which reference should be made.

Income taxes for the year

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
430,084	(387,811)	817,895

Taxes	Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
Current taxes:	0	0	0
IRES (corporate income tax)	0	0	0
IRAP (regional tax on production)	0	0	0
Deferred tax liabilities (assets):	(8,386)	(547)	(7,839)
IRES (corporate income tax)	(8,386)	(547)	(7,839)
IRAP (regional tax on production)	0	0	0
(Income) expense from participation in the national tax consolidation scheme	288,971	403,921	(114,950)
Prior year taxes	203,946	(243)	204,189
Total	484,531	403,131	(122,789)

2019 ended with a tax base that was negative for IRAP purposes.

“Income/Expense from participation in the tax consolidation scheme” represents the tax benefit or charge transferred to the consolidating 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	Balance at 31/12/2019	Taxes
Profit (loss) before taxes	10,137,088	
Theoretical tax charge (%)	24.00%	2,432,901
Temporary differences that will reverse in subsequent years:		
Non-deductible amortisation/depreciation	2,427	
Unrealised exchange rate losses	0	
	2,427	
Differences that will not reverse in subsequent years		
Non-deductible write-downs and provisions	16,300	
Unrecognised revenues (parameters and studies)	0	
Other increases	3,783,772	
	3,802,499	
Gain on the sale of investments	0	
Gain on contribution	0	
ACE (aid to economic growth) base	0	
Other decreases	12,735,542	
	12,735,542	
Tax base	**1,204,045**	
(Income) and expense arising from consolidation	**24.00%**	**288,971**

Leases

The Company is party to a lease agreement. 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 lease transactions 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		2019
a) Contracts in progress		
Leased assets at the end of the previous year, net of prior year depreciation		0
+ Leased assets acquired during the year		145,256
- Leased assets redeemed during the year		0
- Depreciation of the year		(10,782)
- Reversal of provision for redeemed assets		0
- Reversal of value of assets sold or no longer held		
- Reversal of provision for assets sold or no longer held		
Leased assets at the end of the year, net of depreciation		**134,474**
b) Assets redeemed		
Higher total value of assets redeemed, 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		0
+ Residual payments arising during the year		143,399
- Reductions due to repayment of principal and redemptions during the year		(7,573)
- Reductions due to assignment of contracts during the year		
Finance lease payments at the end of the year		**135,826**
d) Total gross effect at year end (a+b-c)	**Effect on NE**	**(1,351)**
e) Net tax effect	**Tax**	**(389)**
f) Effect on net equity at the end of the year (d-e)		**(962)**
The impact on the profit and loss account can be broken down as follows:		
Reversal of lease payments		9,524
Reversal of initial down payment		1,857
Recognition of financial charges on leases		(1,951)
Recognition of accumulated depreciation		(10,782)
Effect on profit before taxes	**Effect on PL**	**(1,351)**
Recognition of the tax effect	**Tax**	(389)
Net effect of recognition of leases with the financial method on the profit for the year		**(962)**

Other information

Commitments, guarantees given and contingent liabilities

Balance at 31/12/2019	Balance at 31/12/2018	Change in the year
23,413,236	10,907,294	12,505,942

Description	Balance at 31/12/2019	Balance at 31/12/2018	Changes in the year
Risks	23,413,236	10,907,294	12,505,942
Commitments	0	0	0
Total	23,413,236	10,907,294	12,505,942

Pursuant to article 2427.9 of the Italian Civil Code, the following guarantees were issued as at 31 December 2019:

- € 4,560 thousand, equal to the residual amount at 31 December 2019 of the surety issued by the Company in favour of the subsidiary Intersun S.r.l. as a guarantee for the loan granted to said subsidiary by Banca Popolare di Bari for the construction of photovoltaic plants;
- € 5 million for the guarantee requested of the Company by the purchaser for the sale of Ponte Albanito S.r.l. as the "*maximum liability*" for violation of contractual representations and warranties;
- € 1,089 thousand related to the counter-surety given in favour of E.T.S. as part of the arbitration procedure commenced by E.T.S. against C.V.A. S.p.A. as reported in the paragraph on "Other risks";
- € 4,952 thousand related to the Company's joint liability with the subsidiary RENEXIA WIND for payment of the residual portion of the sale price of the investment in Beleolico S.r.l.;
- € 7.8 million related to the advance payment received by the RENEXIA WIND subsidiary as part of the sale of the interest in Beleolico S.r.l. as reported in the paragraph on "significant events in the year" in the management report. The Company issued a guarantee in favour of the buyer to cover repayment of the amount, in the event of breach of contract by the subsidiary, should the transfer not be completed.

As at 31 December 2019, there are no unrecognised 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 Legislative Decree No. 34/2019) on the matter of government grants received by the Company, TH received public grants amounting to less than € 10,000.00 during the year; 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	2019	2018
Directors	€ 120,000	€ 120,000
Board of Statutory Auditors	€ 16,309	€ 24,960

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, fees paid in 2019 to the independent auditors and the 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, the Company does not hold any derivatives.

Financial instruments issued by the Company

Pursuant to article 2427.1.18 and 19 of the Italian Civil Code, the Company did not issue any financial instruments.

Off-balance sheet arrangements

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

Significant events after the reporting date

Situation prior to Covid-19 - Company

Final agreements are being drawn up for a structured financing package (the "**Loan**") with an international private equity fund, in which the Energy BU will be directly involved via two separate credit lines: *(i)* the issue of a listed bond by the Company and *(ii)* the disbursement of a loan directly to the American subsidiary US WIND. The Loan will be for up to € 225 million and will be backed by guarantees given by the Group in favour of the subscriber (or its special-purpose vehicles) in the form of pledges on shares and corporate guarantees of the various Group companies. As already mentioned, the Loan will support the main investments set out in the Plan, of which those in the energy sector are one of the main drivers of business. As the Plan was drawn up prior to the outbreak of the Covid-19 pandemic, the scenario considered in the original version did not consider the effects of the virus and regarded the period from 2020 until 2023.

With the outbreak of the pandemic, the signing of the Loan agreement was delayed shortly before the agreed signing date.

Situation prior to Covid-19 - developments in Energy BU projects

Parco Eolico Casalduni House S.r.l. Project

As already mentioned in the paragraph on "Significant events in the year", the construction and implementation of the wind farm involves the use of a structured loan in the form of a ten-year bond worth approximately € 38 million. The parties have already essentially agreed on all of the terms of the contract, including the applicable interest rates and guarantees, as well as the conventional terms of this type of project financing arrangement.

The original signing date was scheduled for March 2020, but the process was delayed and then postponed following the outbreak of the pandemic. The construction and implementation of the wind farm will commence as soon as the agreement is signed.

Beleolico Wind Farm Project

As outlined in the paragraph on "Significant events in the year", the financial and operational difficulties of the supplier, Senvion, and the subsequent need to find a suitable alternative and redefine the agreements with sub-contractors have led to significant delays in respect of the original project time schedule.

However, on 24 April 2020 GSE informed Beleolico S.r.l. that the deadline for starting the facility (and thus for qualifying for the incentive) has been put forward to 22 July 2022. This represents a fundamental step in order to complete the project. All that needs to be done now is to finalise the agreements with the wind turbine suppliers and make the appropriate changes to the existing loan.

Sale of the investment in Beleolico S.r.l.

Delays in the construction of the wind farm owned by Beleolico S.r.l. first slowed and then halted negotiations concerning the sale of the investment, as reported in the paragraph on "Significant events in the year". Given the amount of time required, mainly for GSE to authorise an extension of the deadline for energising the facility and approving the tariff, the parties have postponed any decision to confirm the project signed in 2019, until July 2020. If no decision is reached, RENEXIA WIND will have to repay the deposit of approximately € 7.6 million it has already received, plus interest accrued in 2020 (in that respect, a guarantee has been given by a leading insurance undertaking, for which the Company, jointly with the Holding, has issued the relative release of liability); however, in that case, the Beleolico project will remain in the Group's project portfolio and will be part of the future MW basket that will constitute an important balancing element for the BU's cash flows.

Impact of Covid-19 and mitigating actions

From an operational perspective, the Company and the Group as a whole have had to integrate their Business Plan and extend the period covered until 2026 in order to benefit from the Covid-19 emergency measures introduced by the Italian Government (the plan originally covered the period between 2020 and 2023).

From an economic point of view, given the nature of the business undertaken by the Group's energy sector companies and the use of remote working technology, the pandemic has not had any immediate significant impact on the BU in terms of its project portfolio. It has, however, had to redefine its investments according to a new time schedule, which will result in delays of some months for projects that, in some cases, are already under construction (e.g., the Beleolico project in the Taranto port area involving the construction of Italy's first off-shore wind farm, where other problems not attributable to the Group have already resulted in delays), and, in others, where work-site activities are ready to start (e.g., construction of the Casalduni wind farm in the province of Benevento).

At the time of writing, there are considerable uncertainties about the effects of the Covid-19 pandemic that pose a number of liquidity risks for the Company, not in terms of the direct impact on operational management, but rather in relation to the availability of liquid funds at the level of the Group.
It should be noted that, following the outbreak of Covid-19,

1) the Company has not experienced a decrease in turnover (it provides technical services to other Group companies, mainly for the development of projects concerned with green economy);
2) it has not had any particular issues with its supply chain or the credit market (the Company has not received any bank loans or lines of credit because cash resources are mainly managed through the inter-company current account).

As mentioned previously, the main effects linked to the pandemic essentially regard the lack of liquidity within the Group. the effects of this have spilled over into the Company, which has also had to sustain various additional costs, payable in advance, in connection with the Covid-19 pandemic.

Business outlook

Before the outbreak of the coronavirus pandemic, the Group had drawn up its Business Plan for 2020-2023. The approval process was subsequently delayed, mainly as a consequence of the Covid-19 emergency. Among the main assumptions applied in the Plan is the development of the Energy BU through investments in the United States and Italy in the four-year period from 2020 to 2023, with the assignment of works, on a national level, to the BU's EPC contractor.

The projects set out in the Plan attracted several investors with whom talks have made good progress. The Loan agreement is therefore close to being signed, as outlined in the paragraph on "Significant events after the reporting date".

Given the current economic and financial scenario in Italy, it is difficult to predict when a return to pre-pandemic "normality" will be possible. Considering the information available to date and based on forecasts by institutional bodies and the main international experts, it is possible to imagine various scenarios for how the emergency will evolve and end, with different time frames and social and economic consequences. According to a study by the management consulting firm McKinsey & Company[1], there are three possible alternative scenarios: (1) Quick recovery; (2) Global slowdown; (3) Global pandemic and recession. The quick recovery scenario already appears impossible, but from the results of the measures introduced by national governments it would seem that a global pandemic (the global pandemic and recession scenario) is not likely to occur. So, of the scenarios proposed, that of a "Global slowdown" seems the most plausible. This means that restrictions will continue throughout the second quarter with recovery possible in the second half of the year, more or less slowly depending on the sector.

As outlined in the paragraph on "Ability to continue as a going concern" and in the previous paragraph on "Significant events after the reporting date", since March 2020 the Company's business activities have clearly been influenced by the effects of the Covid-19 pandemic and the measures subsequently adopted by the Italian Government. As already reported, the impact has not been on the Company's economic performance in terms of revenues, but the situation has resulted in financial tensions at the level of cash flows within the Group, also in view of the need to meet overhead costs, albeit using all the mitigating measures provided by the Government.

Within the scope of the measures introduced by the Italian Government, the Energy BU is taking the necessary steps to request all the support mechanisms for businesses at a time characterised by a general slowdown in economic and financial conditions; specifically, with the support of the Group, the Company is preparing its application to benefit from the financing arrangements introduced by the new legislation. The funds obtained in this way (with specific reference to loans guaranteed by SACE) will be used to cover operating costs, including for personnel and suppliers.

[1] COVID-19: Impact on Travel & Hospitality, McKinsey & Company, March 2020.

These measures, introduced in the aftermath of the coronavirus emergency, are not part of the strategic guidelines set out in the 2020-2026 Business Plan, which envisages rapid development in the energy sector with investments in Italy and the United States, also backed by the Loan arrangement outlined in the previous paragraph on “Significant events after the reporting date”. The Company will use the Loan to implement its projects and enhance the assets it already owns. It will also be able to take on new projects in order to meet its existing obligations and manage a MW package such to ensure a constant flow of resources within the BU in the near future.

The Company continues to monitor the situation, defining the actions that need to be taken to improve its efficiency and considering changes to activities already planned, including those regarding investments by Group companies.

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 2019 which show a net profit of € 9,652,557;
- allocate € 78,704 to the legal reserve;
- allocate € 2,573,853 to retained earnings;
- allocate € 7,000,000 of the net profit for 2019 to the distribution of dividends of € 140.00 (one hundred and forty euros) for each of the 50,000 ordinary shares, of a nominal amount of € 100 each;
- to establish that the above dividends be paid starting from the date of approval of these financial statements by the Meeting, in accordance with the terms and conditions to be agreed with the beneficiaries.

These financial statements, consisting of the balance sheet, profit and loss account, cash flow statement and the notes, give a true and fair view of the Company's net equity, financial performance 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 as set forth under article 2423 of the Italian Civil Code.

Chairman of the Board of Directors

Carlo Toto

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

RENEXIA SPA

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

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

To the Shareholders of Renexia S.p.A.

Foreword

During the year ending on 31 December 2019, we performed the supervisory duties provided for by articles 2403 *et seq.* of the Italian Civil Code. The financial statements were audited by the independent auditors PriceWaterhouseCoopers S.p.A., appointed for that purpose by the Shareholders at the Meeting of 30 April 2019.

Report on supervisory activities pursuant to article 2429.2 of the Italian Civil Code

During the year ending on 31 December 2019, we operated in accordance with the law and the rules of conduct issued by the Italian Accounting Profession.

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

We monitored compliance with the law and the by-laws and the principles of sound administration.

We attended Shareholders' meetings and meetings of the Board of Directors, in respect of which, based on the available information, we found no evidence of any violation of the law or by-laws or any manifestly unwise or risky transactions that imply a potential conflict of interest or such to compromise the integrity of the Company's assets.

During Board meetings, we obtained from the Directors information about the general management of the Company and the business outlook, particularly with regard to the impact of the public health emergency caused by the Covid-19 pandemic at the beginning of 2020 and the risk factors and significant uncertainties in respect of the Company's ability to operate as a going concern. We examined the plans drawn up by the Company to address such risks and uncertainties, and obtained information about the most significant transactions, in terms of their size or characteristics, carried out by the Company and its subsidiaries. Based on the information acquired, we have no particular observations to make.

From our discussions with the auditors of the subsidiary companies, the supervisory body, the heads of the internal auditing department and the independent auditors, no relevant data or information emerged that needs to be disclosed in this report.

We examined and monitored the adequacy of the organisational, administrative and accounting structure and its actual functioning, as well as the measures taken by the Directors in response to the emergency caused by the Covid-19 pandemic, and have nothing to report in this respect.

We examined the Company's administrative/accounting system and monitored, within the scope of our duties, the adequacy and functioning thereof, also with reference to the impact of the Covid-19 emergency on information and telematics systems, and the extent to which the latter could be relied on to correctly represent the Company's affairs, by examining business documents. In that regard, we have no particular observations to make.

There were no complaints from shareholders in accordance with article 2408 of the Italian Civil Code.

During the year, we did not issue any of the opinions required by the law.

In the course of our supervisory activities, as described above, no other significant facts emerged that are worthy of mention in this report.

2) Observations on the financial statements

We examined the draft financial statements at 31 December 2019, in respect of which we report the following.

Since we are not responsible for auditing the financial statements, we verified the general layout of these, their general compliance with the law in terms of their preparation and structure, and in this regard we have no observations to make in this report.

We verified compliance with the law governing the preparation of management reports and, in this respect, we have nothing particular to report.

To the best of our knowledge, the Directors, in preparing the financial statements, did not depart from the provisions of the law pursuant to article 2423.5 of the Italian Civil Code, but did use the derogation option under article 7 of Legislative Decree No. 23 of 8 April 2020.

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.

Today we received the independent auditors' report, which states that the financial statements give a true and fair view of the company's financial and equity position at 31 December 2019, and of the profit and loss situation and cash flows for the year then ended, in accordance with Italian legislation governing their preparation, including the provisions of article 7 of Legislative Decree No. 23 of 8 April 2020.

Said report draws attention to the following points, to which specific reference should be made:

- application of article 7 of Legislative Decree No. 23 of 8 April 2020 and the significant uncertainties in respect of the company's ability to operate as a going concern in view of the devastating effect that the Covid-19 pandemic has had on the situation of the company and the group of which it is part.

The Directors have identified risk factors that are mainly linked to those affecting the group as a whole as the result of government restrictions which halted or reduced business activities, staff recruitments, significant uncertainties associated with the unpredictability of future scenarios and the possibility of being able to use the measures introduced by the Government to support liquidity, as well as the Company's plans to address such risks and uncertainties;
- application of Italian auditing standard ISA 570 "Going concern", with reference to the going concern assessment by the Directors as at 31 December 2019 on the basis of information available at that date, without taking subsequent events into account, in accordance with the guidelines issued by the OIC in its Interpretative Document No. 6;
- the fact that the corresponding figures in the Company's financial statements at 31 December 2018 were audited by a different auditor.

The independent auditors also confirmed that the management report is consistent with the financial statements and complies with the law.

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

Based on the findings of our work, we are of the opinion that the Meeting should approve the financial statements at 31 December 2019 as prepared by the Directors.

We agree with the Directors' proposal for the allocation of the net profit for the year as stated in the explanatory notes.

Chieti, in Viale Abruzzo 410, at the Company's registered office, 29 June 2020
The Board of Statutory Auditors
Francesco Cancelli (Chairman)

Giovanni D'Aquino (Standing Auditor)

Paolo Palumbo (Standing Auditor)

INDEPENDENT AUDITOR'S REPORT

RENEXIA SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 pwc

Independent auditor's report

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

To the shareholder 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 2019, 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 2019, 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, including the provisions under Article 7 of Law Decree no. 23 of 8 April 2020.

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.

Application of Article 7 of Law Decree no. 23 of 8 April 2020 and material uncertainties related to going-concern

We draw attention to paragraph "Going concern" of the notes to the financial statements which indicates that the Directors, due to the disruptive effects deriving from the COVID-19 epidemic, have drawn up the financial statements under the going-concern assumption exercising the power of derogation provided for in Article 7 of Law Decree no. 23 of 8 April 2020.
For the purpose of exercising the aforesaid power, and consistently with the instructions contained in the Interpretative Document no. 6 of the Italian Accounting Board (OIC), the Directors stated that, on the basis of the information available at 31 December 2019, they

evaluated the existence of the going concern assumption at that date in application of paragraph 21 of the Italian Accounting Board standard OIC 11. The Directors stated that, as part of this evaluation, they did not take into account the events occurred after 31 December 2019.
In the same paragraph, the Directors provided information updated to the date of the preparation of the financial statements about their evaluation on the existence of the going-concern assumption, also showing the risk factors mainly referable to those of the group due to the government restrictions that stopped or reduced the operations, the assumptions made, the material uncertainties identified linked to the unpredictability of future scenarios and to the possibility of using the measures provided for by the Government to sustain liquidity, as well as the business plans to cope with such risks and uncertainties.

Our opinion is not qualified with regard to this matter.

Other matters

Application of the auditing standard ISA Italia 570

As indicated in paragraph above, in evaluating the applicability of the power provided for in the abovementioned Article 7, the Directors reported in the financial statements that they evaluated as existing the going-concern assumption as at 31 December 2019 without taking into account the events occurred subsequent to that date, consistently with the instructions contained in the Interpretative Document no. 6 of the Italian Accounting Board (OIC).

Consequently, such events were not taken into account in the application of the auditing standard ISA Italia 570 "Going concern" with reference to the evaluation of the going-concern assumption made by the Directors as at 31 December 2019 based on the information available at the same date.

Corresponding data

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 March 2019.

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, 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 2019, 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 2019 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 2019 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 June 2020

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.