

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 as at 31 December 2020

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Corporate bodies

Board of Directors

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

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

Board of Statutory Auditors

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

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

Independent auditors

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

PricewaterhouseCoopers S.p.A.	Independent auditors
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Glossary

ADE – Tax authority.

AVIAGRICOLA – Azienda Aviagricola Abruzzese S.r.l.

BU – Business Unit

CALABRIA ENERGIA – Calabria Energia S.r.l.

CONCESSIONI AUTOSTRADALI - Concessioni Autostradali S.p.A.

EURASIA – Eurasia S.r.l.

IMF – International Monetary Fund

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

GOOD WIND – Good Wind S.r.l.

GROUP – Toto Holding Group

IMC – I.M.C. S.r.l. in liquidation

INFRA – Infraengineering S.r.l.

INDACO – Indaco S.r.l.

INTERSUN – Intersun S.r.l.

MEDWIND – Medwind S.a.r.l.

PGS – Parchi Global Services S.p.A.

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

PIANO – Group business plan 2020 - 2026

PPTR – Regional Landscape Plan

RENEXIA PECH - Renexia Pech S.p.A.

RENEXIA RECHARGE – Renexia Recharge S.r.l.

RENEXIA SERVICES – Renexia Services S.r.l.

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

SDP – Strada dei Parchi S.p.A.

SPARTIVENTO– Spartivento S.r.l.

TH – Toto Holding S.p.A.

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

TOTO RE – Toto Real Estate S.p.A.

TOTO TECH – Toto Tech S.p.A.

US WIND – US Wind Inc.

VOLERE VOLARE – Volere Volare S.r.l.

Management report

Introductory remarks

The management report of Renexia S.p.A. (hereinafter the “**Company**”) as at 31 December 2020 closed the year with a net profit of approximately € 71.6 million.

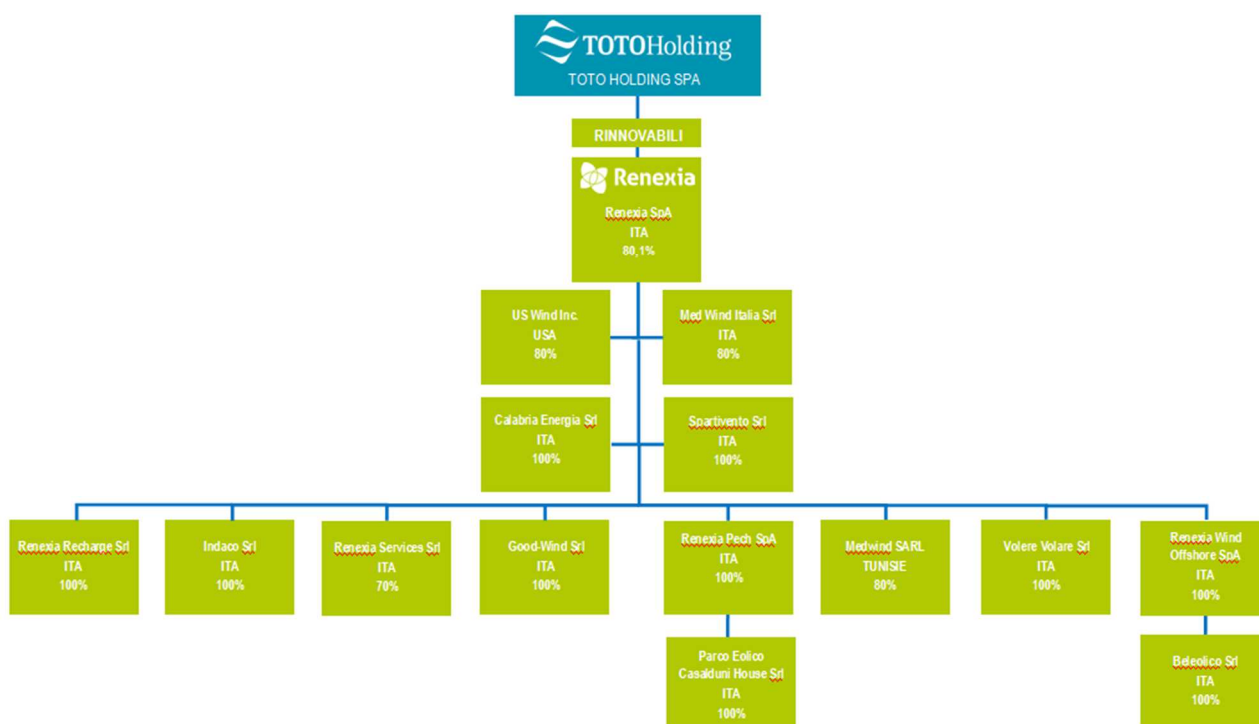
This report provides information about the Company and its performance. It accompanies the financial statements and provides information about the profit and loss account, balance sheet, cash flows and results of operations, together with historical data and forward-looking assessments, where possible. 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 2020 are provided herein with notes and corresponding figures for the previous year.

The Company's business

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

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



Macroeconomic Context

The International Economy

Global economic activity continued to expand in early 2021. Ongoing vaccination campaigns and strong backing from monetary and fiscal policies are reflected in a marked improvement in the medium-term outlook. However, the resurgence of the pandemic weighs on the near-term outlook, especially in the services sector. Current assessments suggest that global GDP will return to pre-pandemic levels by the end of the year.

The medium-term outlook for the global economy has decidedly improved thanks to the large-scale vaccination campaigns, in spite of the fact that their pace still differs considerably from one area to another. Indeed, progress is faster in the United States and the United Kingdom, and slower in the European Union, while emerging countries are lagging far behind. However, the variants of the virus that have spread at the start of the year have caused a surge in infections and short-term developments remain highly uncertain.

Economic activity recovered to a considerable extent in the fourth quarter of 2020 and continued into the first quarter of 2021, albeit unevenly across countries and sectors. In March, the purchasing managers' index (PMI) remained above the expansion threshold in the manufacturing sector for all major advanced economies. Indicators in the services sector – the one most affected by the pandemic – still report a weak outlook in the Eurozone and Japan, while highlighting an expansion in the United States and the United Kingdom.

At the end of the year, GDP in the United States, Japan, and United Kingdom was still below pre-pandemic levels. In China, pre-crisis levels returned in the third quarter.

According to the IMF's baseline scenario published in April, global GDP will grow by 6 percent in 2021, surpassing pre-pandemic levels by the end of the year. Compared to January, the IMF revised its forecast on global economic activity upward by 0.5 percentage points in 2021 as a result of the new fiscal stimulus in the United States and ongoing vaccination campaigns. However, global recovery will depend on the evolution of the pandemic, economic policy measures, and the performance of financial conditions.

Oil prices have risen, which, in turn, reflect improved global growth prospects. On the supply side, prices were supported by both a drop in US production following an exceptionally harsh weather and a recovery in the production from OPEC countries that is below expectations.

The Federal Reserve, the Bank of Japan and the Bank of England confirmed expansive monetary policies. Expectations regarding interest rates in the short term have remained broadly stable and no increases are expected by the end of the year in the main advanced economies. China's central bank left the reference rates unchanged; however, it has adopted a more restrictive stance since the beginning of this year, which has resulted in a significant slowdown in the financing granted to the economy. (source: *Banca d'Italia – Economic Bulletin – April 2021*).

The Italian Economy

The worsening of the pandemic caused economic activity to drop in the fourth quarter of last year, albeit less than expected. Available indicators point to a roughly stable GDP in the first three months of 2021, with a recovery in the industrial sector and a persistent weakness in the services sector. In the fourth quarter of 2020, GDP declined by 1.9 percent compared with the previous period, following the sharp rise that took place during the summer. However, the GDP drop that resulted from the worsening of the pandemic was less pronounced than expected thanks to the resilience of investments. Added value fell slightly in the manufacturing sector, and more markedly in the services sector.

Available indicators highlight that restrictions were more targeted during the second wave and resulted in a reduction in mobility: while this was significant, it was however less substantial than the reduction that took place in the spring of 2020. Based on the most recent indicators, GDP may have remained broadly stationary in the first months of the year: the recovery in the industrial sector is expected to go in hand with a weak performance in the service sector. Qualitative economic indicators show signs of a strengthening recovery for the manufacturing sector and an improving outlook for the services sector, which, nevertheless, still remains weak. *(source: Banca d'Italia – Economic Bulletin – April 2021).*

Renewable Energy Sector

The health emergency has not dampened investments in renewable energies in Italy. The Irex 2021 annual report, published by the non-profit organisation with the same name that has been monitoring the renewable energy sector since 2008, transactions totalled 10.9 Gigawatts (GW) in 2020, an additional 7 percent compared to 2019, amounting to € 9.1 billion. This confirms that the transition towards a green economy – in addition to being one of the cornerstones of European recovery plans and a project that lies at the heart of the Italian National Recovery and Resilience Plan – will increasingly drive investments in renewable energies, smart energy, and hydrogen. The Irex 2021 annual report analyses trends in the power sector and investments in renewable energies in Italy while also assessing the adequacy of Italy's power grid, particularly bearing in mind the decarbonisation process. The renewable energy sector in Italy has proved to be very dynamic despite the difficulties it experienced. Last year, 254 transactions were listed in the Irex mapping, which takes into account investments made in Italy ("utility scale") and those made abroad by Italian companies. Compared to 2019, transactions increased in number (+20%) and power capacity (+7%), while decreasing in value (-4.4%) thanks to continued drop in technology costs.

Most of the transactions (57%) were concluded in Italy and the internationalisation process has slowed down slightly, even though it remains significant, with a total of 4.7 GW and investments totalling € 4.6 billion. North America and Latin America remain the top beneficiaries, with 58% of the power capacity compared to 31% for Europe, which instead leads in number of transactions. Half of the acquisitions in 2020 were in the photovoltaic (50%), a sector that continues in its consolidation process, with the ten largest operators holding 54% of industry capacity. Despite the decrease from 2019, the wind energy sector, which accounts for 27% of transactions, continues to lead in terms of power capacity with 5.1 GW totalling € 4 billion.

Biomasses, especially biomethane, are growing (from 4% to 7%) together with smart energy (from 6% to 9%).

(source: Rinnovabili.it, "Irex 2021: Forte capacità di tenuta delle rinnovabili in Italia")

Extension of time limits

Please note that, following the outbreak of the Covid-19 pandemic and in accordance with the provisions of the “Cure Italy” (“*Cura Italia*”) Decree-Law (no. 18 of 17 March 2020) converted into Law no. 26 of 24 April 2020 (Italian Official Gazette no. 110 of 29 April 2020), extended by the “One thousand extensions” (“*Milleproroghe*”) Decree-Law (no. 183 of 31 December 2020) converted into Law no. 21 of 26 February 2021 (Official Gazette no. 51 of 1 March 2021), the directors took advantage of the longer deadline to convene the shareholders’ meeting to approve the financial statements for the year then ended on 31 December 2020. Indeed, article 106(1) of the “Cure Italy” 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, by way of derogation from the provisions of article 2364(2) or the statutory provisions (article 17 of the articles of association in force).

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 notary deed recording the share transfer, Toto Group, through the Renexia Wind Offshore S.p.A. subsidiary, reached an agreement with the transferors for a deferred payment plan which also includes the option to pay part of the price of the equity 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 sale was, however, subject to certain conditions, all of which have been met. The notary deed transferring 95% of the interest in Intersun S.r.l. was signed on 18 September 2020. A further part of the price was paid in August; the remaining balance was settled in March 2021 as agreed upon by the parties.

2) *Construction of the off-shore wind farm*

On 24 April 2020, GSE informed Beleolico S.r.l. that the deadline for starting operations at the facility (and thus for qualifying for the incentives) was extended to 22 July 2022.

Obtaining the extension was crucial to the execution of the project following the bankruptcy of the supplier, Senvion (which we previously reported in the 2019 Financial Statements), since it was necessary to identify a suitable alternative and redefine supplier arrangements. This event, unforeseeable for the Group, led to a significant delay with respect to the original time schedule of the initiative; on top, the effects of the pandemic

further delayed all the bureaucratic procedures and agreements between private entities. A new partner was selected following the clearance to replace the wind turbines granted in May 2020, which allowed to select a new partner. The new supply contract was signed in September and the contracts with other suppliers were redefined. The loan obtained by Beleolico S.r.l. to build the wind farm was suspended, again as a result of the bankruptcy mentioned above. However, the lender requested to be informed about the activities that management was performing to avoid the permanent interruption of the activities during these months and confirmed its interest in the initiative. Following the definition of the contractual agreement with the supplier of the turbines and the renegotiation of other main subsidiary supply agreements, the lending bank, Natixis SA, approved the reactivation of the project financing in December, reshaping the terms to align it with the new implementation schedule.

3) *Sale of the equity 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 was, however, subject to the occurrence of specific events. In June 2019, Renexia Wind Offshore S.p.A. received payment of € 7.8 million by way of an advance on the sale price of the equity investment.

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. 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 postponed any decision to confirm the project signed in 2019 until July 2020.

In July, the buyer exercised the right to withdraw from the agreement and asked RENEXIA WIND to refund the payment on account plus interest accrued in 2020. The requested amounts were paid in September and the contract was definitively concluded.

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).

The construction and implementation of the wind farm envisages the use of a structured loan in the form of a debt security issued pursuant to article 2483 of the Italian Civil Code for a total of approximately € 49.1 million. The parties (PECH and the lenders) signed the contract on 23 December 2020 and the amounts were immediately disbursed. As of January 2021, preliminary activities for the construction and implementation of the wind farm began.

FOREIGN OPERATIONS

United States

A structured financing agreement (the “**Transaction**”, involving an equity investment and the issue of a debenture bond in the United States) was signed on 13 August 2020, marking the start of a partnership between the Company and the Group and the US-based private equity fund Apollo Global Management (“**Apollo**”).

Through its subsidiary US Wind, the Company concluded a financial transaction worth a total of \$ 265 million with a number of funds managed by Apollo. This deal further strengthens the position of US Wind, but also of the Group as a whole, as it is first agreement with an external partner of such high international standing.

The Transaction involves:

- the issue of a debenture loan in favour of US Wind, in several tranches, consisting of the subscription of securities up to \$ 165 million (\$ 40 million have been issued as of 31 December 2020);
- the sale by the Company of 20% of its shares in US Wind to funds managed by Apollo for \$ 100 million (the “**Sale**”); as well as receiving payment of the agreed price, entering the contract enabled the Company to secure a capital gain of approximately € 78 million, net of ancillary charges;
- in line with common practice for transactions of this kind, a series of representations and warranties, obligations to act or to refrain from certain action and disclosure requirements issued by the Group, in addition to pledges on interests in Group companies;
- a call option in favour of Apollo, which will allow Apollo to convert the debenture into shares in US Wind on a given date;
- the possibility for US Wind to block Apollo’s call option by exercising a blocking option, subject to payment of extra interest on the debt;
- for the part relating to the Sale, a put option in favour of Apollo that may be partially or fully exercised under certain agreed circumstances; likewise, the Company will have a call option on the 20% sold, exercisable at any time, subject to payment of the price of the equity investment multiplied by an agreed multiplier.

The Transaction will support the implementation of the main strategic guidelines set out in the Group business plan, of which those related to the energy sector are one of the key drivers. In August 2020, the bridge loan totalling € 20 million disbursed in June 2020 by the French bank Natixis, together with accrued interest, was repaid according to schedule using part of the income collected by Renexia in the sale with Apollo.

The conclusion of the Transaction, therefore signifies that US Wind Inc. is proceeding swiftly with project development activities. In this regard, the Company was reimbursed, with the consent of the new partners, by US Wind Inc. for capital contributions (approximately \$ 21 million, equal to approximately € 18.7 million) that had been guaranteed in previous years to support the development of this US-based initiative.

Financial highlights

Table 1 – Reclassified profit and loss account

Profit and Loss Account <i>Amounts in euros</i>	31/12/2020	31/12/2019	Change	% change
Net revenues	498,680	763,222	(264,542)	-34.7%
External costs	4,450,708	3,005,964	1,444,744	48.1%
Added value	(3,952,028)	(2,242,742)	(1,709,286)	76.2%
Personnel costs	3,363,238	1,516,485	1,846,753	121.8%
EBITDA	(7,315,266)	(3,759,227)	(3,556,039)	94.6%
Amort./deprec., write-downs and other provisions	602,587	29,924	572,663	1913.7%
Other income	12,344	13,167	(823)	-6.3%
EBIT	(7,905,509)	(3,775,984)	(4,129,525)	109.4%
Financial income (expenses)	80,187,622	15,122,130	65,065,492	430.3%
Profit (loss) from ordinary activities	72,282,113	11,346,146	60,935,967	537.1%
Management of equity investments	(1,167,996)	(1,209,058)	41,062	3.4%
Profit (loss) before taxes	71,114,117	10,137,088	60,977,029	601.5%
Income taxes	(471,577)	484,531	(956,108)	-197.3%
Net profit (loss)	71,585,694	9,652,557	61,933,137	641.6%

2020 ended with a net profit of € 71.6 million. Revenues (€ 498 thousand) net of external costs (€ 4,451 thousand) and personnel expenses (€ 3,363 thousand), generated a negative EBITDA of approximately € 7,315 thousand. External costs mainly refer to services (€ 2,908 thousand).

Revenues refer to services provided to subsidiaries.

External costs rose significantly (€ 1,445 thousand), primarily due to legal, technical, and financial consultancy services that were employed in the agreement to sell the minority stake in US Wind Inc. to Apollo Global Management, as described in the section “Significant events in the year”.

Given the nature of the Company’s business, EBIT (negative € 7,906 thousand) was not substantially affected by amortisation and depreciation or income from non-core business and reflects a significant trend reversal in terms of financial income and equity investments.

Financial income amounted to € 80.2 million. This item includes:

- The capital gains following the sales (i) of the minority stake (20%) in US Wind Inc. and (ii) of 95% of the share capital of Intersun S.r.l. (overall capital gains of € 80,248 thousand);
- the net effect of financial income (negative € 740 thousand), mainly related to the interest (income and expenses) accrued in respect of subsidiaries under the inter-company current account contract and the fees paid to the banking system for services received during the year;
- the positive balance of the effect of exchange rate gains and losses for the period total € 680 thousand.

Equity investments report a negative balance of € 1,168 thousand as a result of (i) the fair value measurement of the call option held as part of the transaction for the sale of the minority stake in US Wind Inc. (€ 278 thousand), (ii) the write-downs (totalling € 376 thousand) on the equity investments of the companies involved in the development of projects in the “mini-wind” sector, and (iii) the write-downs on the equity investment and financial receivables payable by the Tunisian subsidiary Medwind S.a.r.l., which operates in the development of renewable energy projects in Tunisia.

Based on the above, the profit before taxes totalled € 71.1 million. After deducting the positive effect of taxes (€ 472 thousand), the net profit for the year totalled € 71.6 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	31/12/2020	31/12/2019	Change	% change
Services	2,908,212	1,711,716	1,196,496	69.9%
Raw materials	43,642	51,940	(8,298)	-16.0%
Use of third-party assets	317,936	284,591	33,345	11.7%
Other operating costs	1,180,918	941,417	239,501	25.4%
Sub-total of external costs	4,450,708	2,989,664	1,461,044	48.9%
Personnel expenses	3,363,238	1,516,485	1,846,753	121.8%

Net financial position

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

Table 3 – Net financial position

Description Amounts in euros	31/12/2020	31/12/2019	Change	% change
Bank deposits	124,854	1,046,305	(921,451)	(88%)
Cash-in-hand and cash equivalents	10,511	8,423	2,088	25%
Liquid funds and own shares	135,365	1,054,728	(919,363)	(87%)
Financial receivables from the parent	101,598,047	37,729,812	63,868,235	169%
Financial receivables from subsidiaries	29,264,821	14,119,108	15,145,713	107%
Financial receivables from others	0	0	0	N.A.
Bank loans and borrowings (due within one year)	(4,736)	(9,191)	4,455	(48%)
Financial payables to subsidiaries	(34,467,035)	(34,029,541)	(437,494)	1%
Financial payables to subsidiaries of parent companies	(12,009)	0	(12,009)	N.A.
Short-term net financial position	96,514,453	18,864,916	77,649,537	412%
Medium/long-term net financial position	0	0	0	N.A.
Total net financial position	96,514,453	18,864,916	77,649,537	412%

The net financial position was a positive € 96.5 million, mainly attributable to financial receivables payable from subsidiaries (€ 29.3 million) and the € 101.6 million loan taken out in favour of the parent Toto Holding S.p.A. The net financial position increased by € 77.6 million compared to the same figure as of December 31 2019; this increase reflects the positive effect generated by the sale of the minority stake in US Wind Inc.

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
<u>Parent</u>				
Toto Holding S.p.A.	71,965	325,536	711	560,195
<u>Subsidiaries</u>				
U.S. Wind Inc.	113,256	916,796	113,256	
Medwind S.a.r.l.			14,001	
Renexia Services S.r.l.	80,985		81,411	1,236,071
Renexia Wind Offshore S.p.A.			683,178	
Parco Eolico Casalduni House S.r.l.	125,093		112,616	
Renexia PECH S.p.A.			72,065	
Calabria Energia S.r.l.	5,708		6,098	
Good Wind S.r.l.	5,849		6,246	
Spartivento S.r.l.	3,849		4,203	
Indaco S.r.l.	1,717		2,059	
Volere Volare S.r.l.	1,643		2,000	
Renexia Recharge S.r.l.	31,964		32,474	
Beleolico S.r.l.	128,793		128,793	
<u>Related companies</u>				
TOTO S.p.A. Costruzioni Generali		35,848	426	19,207
TOTO TECH S.r.l.		24,436		
Azienda Aviagricola Abruzzese S.r.l.	3,050			
Ambra S.r.l.	100	8,236		
Strada dei Parchi S.p.A.		36,628		
TOTO Real Estate S.r.l.		127,745		209,190
Total	573,972	1,475,225	1,259,537	2,024,663

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

Company	Financial receivables	Financial payables	Receivables under the consolidation scheme	Capital gains Equity investments
<i>Parent</i>				
Toto Holding S.p.A.	101,598,047		71,097	
<i>Subsidiaries</i>				
U.S. Wind Inc.	818			80,248,093
Renexia Services S.r.l.		34,467,035		
Renexia Pech S.p.A.	2,781,047			
Renexia Wind Offshore S.p.A.	26,480,781			
Calabria Energia S.r.l.	228			
Good Wind S.r.l.	231			
Spartivento S.r.l.	210			
Indaco S.r.l.	168			
Volere Volare S.r.l.	176			
Renexia Recharge S.r.l.	915			
Beleolico S.r.l.	246			
Total	130,862,867	34,467,035	71,097	80,248,093

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

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

Environment and workforce

Workforce

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

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

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

- the adoption of a specific "COVID-19 SAFETY PROTOCOL";
- encouraging use of remote working;
- daily monitoring of body temperature;

- requesting regular sanitisation of office premises.

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

Environment

During the 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. 231/2001

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

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

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

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

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

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

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.

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. with respect to tax and contributions, exercising all available regulatory instruments such as those introduced by the "Cura Italia" Decree-Law and the subsequent Liquidity Decree by which the Italian government suspended a wide range of withholding, tax and contribution payments (postponing deadlines and suspending tax and contributions 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: there is nothing noteworthy to report in this regard.

Lastly, in striving to reduce the need for cash flows to cover business operations, and to mitigate the impact on profitability, the Group 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 of 6 June 2020 and published in the Italian Official Gazette no. 143, on measures to aid companies with difficulty accessing liquid funds. In this regard, the Group has initiated fruitful discussions with a group of leading Italian and international bank to quickly obtain a loan of up to € 95 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 and subsequent amendments.

Finally, the resources secured by the structured Transaction concluded with the Apollo fund described in the section "Significant events in the year" and the additional proceeds of the dividend distributed by US Wind Inc. totalling \$ 33.25 million (net of withholding tax) collected in May 2021 represent the main actions undertaken to support the Company's and the Group's financial requirements. These lead to the conclusion that the above risk factors are not likely 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 the exchange rate fluctuations of the US dollar against the Euro.

Derivatives

As of 31 December 2020, the Company has issued derivative financial instruments as detailed and described in the sections "Information on the fair value of derivatives" and "Information on financial instruments issued by the Company" of the Notes to the Financial Statements, where more information is available.

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 2019 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. Once the preliminary investigation performed during the course of the proceedings ended, the case was pending decision by the judge. The decision is scheduled for July 2021.

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

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Financial statements - Fourth Council Directive

BALANCE SHEET ASSETS	31/12/2020	31/12/2019
B) Fixed assets		
I - Intangible fixed assets		
3) Industrial patents and intellectual property rights.	5,956	5,169
4) Concessions, licences, trademarks and similar rights	3,520	8,652
6) Assets under construction and payments on account	575,984	270,023
7) Other	0	0
Total intangible fixed assets	585,460	283,844
II - Tangible fixed assets		
2) Plant and machinery	12,339	20,178
4) other assets	38,289	53,596
5) Assets under construction and payments on account	0	0
Total tangible fixed assets	50,628	73,774
III - Financial fixed assets		
1) Equity investments		
a) in subsidiaries	12,681,078	32,266,948
d-bis) from other companies	12,823	12,823
	12,693,901	32,279,771
2) Financial receivables		
a) from subsidiaries	29,264,821	14,119,108
c) from parent companies	101,598,047	37,729,812
d-bis) from other companies	0	0
	130,862,868	51,848,920
Total financial fixed assets	143,556,769	84,128,691
TOTAL FIXED ASSETS	144,192,857	84,486,309
C) Current assets		
II - Receivables		
1) trade receivables	2,123,740	2,120,211
2) from subsidiaries	498,857	1,181,295
4) from parents	71,965	355,651
5) from subsidiaries of parents	3,150	4,613
5-bis) tax receivables	782,018	482,455
5-ter) deferred tax assets	51,235	46,675
5-quater) from others		
- due within one year	334,332	423,324
- due after one year	400,260	0
	4,265,557	4,614,224
III - Financial assets not held as fixed assets		
1) investments in subsidiaries	46,843	901,851
4) investments in other companies	0	0
	46,843	901,851

IV - Liquid funds		
1) bank and postal accounts	124,854	1,046,305
3) cash-in-hand and cash equivalents	10,511	8,423
Total liquid funds	135,365	1,054,728
TOTAL CURRENT ASSETS	4,447,765	6,570,803
D) Prepayments and accrued income		
Prepayments and accrued income	79,915	71,702
TOTAL PREPAYMENTS AND ACCRUED INCOME	79,915	71,702
BALANCE SHEET ASSETS	148,720,537	91,128,814
BALANCE SHEET LIABILITIES	31/12/2020	31/12/2019
A) Net equity		
I - Capital	5,000,000	5,000,000
II - Share premium reserve	528,216	528,216
IV - Legal reserve	1,000,000	921,296
VI - Other reserves	10,800,000	10,800,000
VIII - Profit (loss) carried forward	13,841,495	11,267,642
IX - Profit (loss) for the year	71,585,694	9,652,557
TOTAL NET EQUITY	102,755,405	38,169,711
B) Provisions for risks and charges		
4) Other provisions	3,768,147	3,471,926
TOTAL PROVISIONS FOR RISKS AND CHARGES	3,768,147	3,471,926
C) Employees' leaving entitlement		
Employees' leaving entitlement	138,167	136,461
EMPLOYEES' LEAVING ENTITLEMENT	138,167	136,461
D) Payables		
4) Bank loans and borrowings		
- due within one year	4,736	9,191
- due after one year	0	0
	4,736	9,191
7) Trade payables		
- due within one year	539,510	717,628
- due after one year	70,204	0
	609,714	717,628
9) Payables to subsidiaries		

- due within one year	35,383,830	34,029,541
- due after one year	0	0
	35,383,830	34,029,541
11) Payables to parents		
- due within one year	325,536	336,273
- due after one year	0	0
	325,536	336,273
11-bis) Payables to subsidiaries of parents		
- due within one year	232,893	156,546
- due after one year	0	0
	232,893	156,546
12) Tax payables		
- due within one year	4,825,838	1,145,850
- due after one year	65,296	83,952
	4,891,134	1,229,802
13) Social security charges payable		
- due within one year	134,223	137,152
- due after one year	0	0
	134,223	137,152
14) Other payables		
- due within one year	474,618	12,731,895
- due after one year	0	0
	474,618	12,731,895
TOTAL PAYABLES	42,056,684	49,348,028
E) Accrued expenses and deferred income	2,134	2,688
BALANCE SHEET LIABILITIES	148,720,537	91,128,814

PROFIT AND LOSS ACCOUNT	31/12/2020	31/12/2019
A) Production revenues		
1) Turnover from sales and services	498,680	763,222
5) Other revenues and income	12,344	13,167
TOTAL PRODUCTION REVENUES	511,024	776,389
B) Production costs		
6) raw materials, consumables, supplies and goods	43,642	51,940
7) services	2,908,212	1,711,716
8) use of third-party assets	317,936	284,591
9) personnel expenses:		
a) wages and salaries	3,029,174	1,211,623
b) social security contributions	240,322	232,624
c) employees' leaving entitlement	95,365	67,526
e) other costs	(1,623)	4,712
	3,363,238	1,516,485
10) amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	7,635	12,118
b) depreciation of tangible fixed assets	23,146	17,806
c) other write-downs of fixed assets	0	0
d) write-down of current receivables	571,806	0
	602,587	29,924
11) change in raw materials, consumables, supplies and goods	0	0
12) provisions for risks	0	0
13) other provisions	0	16,300
14) other operating costs	1,180,918	941,417
TOTAL PRODUCTION COSTS	8,416,533	4,552,373
Operating profit (loss) (A-B)	(7,905,509)	(3,775,984)
C) Financial income and charges		
15) income from equity investments:		
- from subsidiaries	80,248,093	13,284,917
16) other financial income:		
a) from receivables classified as fixed assets		
- from subsidiaries	758,144	709,637
- from parents	2,168,308	2,032,747
b) from securities classified as fixed assets		
c) from securities classified as current assets		
d) other income		
- from others	1,468	14,189
	83,176,013	16,041,490

17) interest and other financial charges:

- from subsidiaries	(1,257,703)	(988,570)
- from others	(2,410,420)	(67,904)
	<u>(3,668,123)</u>	<u>(1,056,474)</u>

17-bis) net exchange rate gains (losses)

679,732	137,114
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TOTAL FINANCIAL INCOME AND CHARGES	80,187,622	15,122,130
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D) Adjustments to financial assets

19) write-downs:

- of equity investments;	(742,632)	(1,209,058)
- of financial fixed assets that are not equity investments;	(147,000)	0
- of derivative financial instruments	(278,364)	0
	<u>(1,167,996)</u>	<u>(1,209,058)</u>

TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	(1,167,996)	(1,209,058)
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Pre-tax profit (loss) (A-B + - C + - D + - E)	71,114,117	10,137,088
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20) Income taxes, current and deferred

c) Prepaid taxes	(4,559)	(8,386)
d) (income) charges from participation in the tax consolidation scheme	(70,716)	288,971
e) prior year taxes	(396,302)	203,946
	<u>(471,577)</u>	<u>484,531</u>

Profit (loss) for the financial year	71,585,694	9,652,557
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Chairman of the Board of Directors

Carlo Toto

Cash flow statement

Cash flows from operations (indirect method)

Cash flow statement	31 December 2020	31/12/2019
A. Cash flows from operations (indirect method)		
Net profit (loss) for the year	71,585,694	9,652,557
Income taxes	(471,577)	484,531
Net interest expense/(income)	(79,507,890)	332,648
(Dividends)	(80,248,093)	(13,284,917)
1. Profit (loss) for the year before income taxes, interest, dividends and gains/losses on sales	(88,641,866)	(2,815,181)
<i>Adjustments for non-monetary items with no balancing entry in net working capital</i>		
Accruals to provisions	297,927	105,592
Amortisation/depreciation	30,781	29,924
Impairment losses	742,632	0
Other adjustments for non-monetary items	(7,000,000)	0
2. Cash flows before changes in NWC	(94,570,526)	(2,679,665)
<i>Changes in net working capital</i>		
Decrease/(increase) in trade receivables	(3,529)	29,921
Increase/(decrease) in trade payables	(107,914)	(1,053,668)
Decrease/(increase) in prepayments and accrued income	(8,213)	(50,416)
Increase/(decrease) in accrued expenses and deferred income	(554)	2,688
Other changes in net working capital	94,034,337	18,564,044
3. Cash flows after changes in NWC	(656,399)	14,812,904
<i>Other adjustments</i>		
Net interest received/(paid)	(2,408,952)	(53,715)
(Income taxes paid)	0	0
Dividends received	80,248,093	13,284,917
(Use of provisions)	0	0
4. Cash flows after other adjustments	77,182,742	28,044,106
Cash flows from operations (A)	77,182,742	28,044,106
B. Cash flows from investment activities		
<i>Tangible fixed assets</i>		
(Investments)	0	(47,229)
<i>Intangible fixed assets</i>		
(Investments)	(309,251)	(270,424)
<i>Financial fixed assets</i>		
(Investments) - Disbursement of loans to Group companies	(60,170,710)	22,291,556
<i>Financial assets not held as fixed assets</i>		
Waiver of receivables due from Intersun	855,008	(901,851)
Cash flows used in investment activities (B)	(59,624,953)	21,072,052
C. Cash flows from financing activities		
<i>Third party funds</i>		
Increase (decrease) in short-term bank loans and borrowings	(4,455)	(6,192)
Increase (decrease) in financial payables to group companies	1,052,303	(22,178)
<i>Own funds</i>		

Share capital increase against consideration / Funding from shareholder	0	0
Dividends paid	(19,525,000)	(62,475,000)
Cash flows from (used in) financing activities (B)	(18,477,152)	(62,503,370)
Increase (decrease) in liquid funds (A ± B ± C)	(919,363)	(13,387,212)
Liquid funds at the start of the year	1,054,728	14,441,940
Liquid funds at the end of the year	135,365	1,054,728

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 as at 31 December 2020

Foreword

Dear Shareholders,

The financial year as at 31 December 2020 ended with a net profit of € 71.6 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 key figures of the parent company Toto Holding S.p.A. shown in the summary statement and required by article 2497-bis of the Italian Civil Code have been extracted from the corresponding financial statements for the year then ended on 31 December 2019. For an adequate and better understanding of the financial position of Toto Holding S.p.A. as at 31 December 2019, as well as the financial performance of the company during the year ended on that date, please refer to the financial statements which, together with the independent auditors' report, are available in due legal form.

Description	2019	2018
BALANCE SHEET		
ASSETS		
A) Share capital proceeds to be received		
B) Fixed assets	421,101,994	373,998,350
C) Current assets	14,038,574	23,795,902
D) Prepayments and accrued income	251,741	162,735
Total assets	435,392,309	397,956,987
LIABILITIES:		
A) Net equity:	334,559,809	285,566,383
Share capital	100,000,000	100,000,000
Reserves	262,445,954	262,445,954
Profit (loss) carried forward	(76,879,571)	(65,367,396)
Profit (loss) for the year	48,993,426	(11,512,175)
B) Provisions for risks and charges	740,480	7,012,849
C) Employees' leaving entitlement	404,679	391,806
D) Payables	99,666,064	104,674,065
E) Accrued expenses and deferred income	21,277	311,884
Total liabilities	435,392,309	397,956,987
PROFIT AND LOSS ACCOUNT		
A) Production revenues	5,092,237	4,876,893
B) Production cost	29,007,991	16,421,511
C) Financial income and charges	69,423,941	10,282,732
D) Value adjustments to financial assets	(1,450,154)	(10,408,236)
Income taxes for the year	(4,935,393)	(157,947)
Profit (loss) for the year	48,993,426	(11,512,175)

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

Pursuant to article 2427(22-*quinquies*) and (22-*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 Decree-Law 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

With respect to what has been reported in the 2019 Financial Statements, the Renewables business unit, of which the Company is the parent company, continues its development and investment activities on the basis of well-established strategic guidelines, with operational efforts concentrated in the domestic market (off/onshore wind farms and solar) and in the US offshore wind market.

In furtherance to the activities mentioned in the 2019 Financial Statements and described in the section "Significant events in the year", the transaction with the US fund Apollo was concluded, which generated a significant capital gain for the Company from an economic perspective (approximately € 78 million net of ancillary costs) with related positive effects on liquidity:

- a) Renexia received payment of \$ 100 million from Apollo for the sale of its 20% equity investment in US Wind Inc.;
- b) Apollo granted US Wind a \$ 40 million loan (in the form of a bond issued in the United States) through 31 December 2020, with an additional \$ 42 million tranche during 2021.

These resources will be used for the investments made in the United States (point b) and to cover any cash flow needs within the Group to limit the consequences of the pandemic as far as possible. This Transaction also marks the beginning of the Group's partnership with a major international investor of the calibre of Apollo, which will enable us to address future challenges by pooling our technical skills and internal expertise with the financial capacity of a leading international investment fund.

In addition, the Renewables business unit in 2020 provided:

- 1) reactivation of the loan for the construction of the off-shore wind farm in Taranto, through the (indirect) subsidiary Beleolico S.r.l. This will ensure that construction work will be completed by the end of 2021 and will also involve the subsidiary Renexia Services S.r.l. as EPC Contractor. The additional tranche of the 2021 loan totals € 58.8 million and aims to build the first off-shore wind farm in Italy.
- 2) subscription of the structured loan through the issue of a debt security pursuant to article 2483 of the Italian Civil Code for approximately € 49.1 million through the indirect subsidiary PECH, which in turn

signed an EPC contract with Renexia Services S.r.l. for the construction of the wind farm for which it holds the Single Authorisation.

It is manifest that the transactions mentioned in points 1) and 2) represent two important instruments for the execution of long-term strategic assets for the Group. In the short term, these also constitute units that generate cash flow, given they are executed in-house through the subsidiary RENEXIA SERVICES.

Furthermore, the Company has applied, as part of a group-wide initiative, to benefit from the measures introduced by the Decree-Law of 8 April 2020 ("Liquidity Decree") and subsequent amendments to support the liquidity of Italian businesses. The measure in question consists of a six-year loan with a three-year pre-amortisation period to be amortised over three years, with 90% of the loan guaranteed by SACE. Talks with banks to obtain the loan, which should amount to approximately € 5 million for the Company, are in the final stages. The Company expects to receive the loan shortly.

Finally, some assets owned by the Company have not been recognised at their full value in the financial statements, in that their market value is significantly higher than their original carrying amount as borne out by the partial sale of the shares in US Wind discussed in the section "Significant events in the year" in the management report, to which reference should be made.

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

Basis of preparation

The financial statements as at 31 December 2020 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 as at 31 December 2020 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 giving 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 and published in the Italian 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)

There were no exceptional cases requiring the company to make use of any of the exemptions under article 2423(5) of the Italian Civil Code.

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

Fixed assets

Intangible fixed assets

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

Industrial patents and, in particular, the software purchased for the study concerning the energy production capacity of current projects are amortised over three years.

Trademarks are amortised over ten years.

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

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

Tangible fixed assets

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

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

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

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

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

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

Equity investments

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

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

They are measured at cost, upon initial recognition. This cost may not be maintained and, consequently, the item is written down in accordance with article 2426(1)(3) of the Italian Civil Code when, at the reporting date, the carrying amount of the equity investment is permanently below its cost. An impairment loss results from the comparison between the equity investment's initial carrying amount and its recoverable amount, calculated based on the future economic benefits the Company expects to receive from the investment.

Equity investments recognised at purchase cost which have undergone an impairment loss are written down. If the cost of the investment exceeds the amount determined using the equity method (article 2426(1)(4)), the other equity investments are not written down since the higher carrying amount is justified by the gains and/or goodwill of investees.

Dividends

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

possibly, reserves.

Receivables

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

The amortised cost and discounting methods are not applied when their effects are irrelevant pursuant to article 2423(4) of the Italian Civil Code. This is usually the case for current receivables (i.e., those due within one year) or when transaction costs, commissions and any other difference between the original and recoverable amounts at the due date are insignificant. In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. Transaction costs are recognised under prepayments in section D of balance sheet assets.

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

Liquid funds

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

Payables

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

The amortised cost and discounting methods are not applied when their effects are irrelevant pursuant to article 2423(4) of the Italian Civil Code. This is usually the case for current payables (i.e., those due within one year) or when transaction costs, commissions and any other difference between the original and recoverable amounts at the due date are insignificant. In this case, payables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. Transaction costs are recognised under prepayments in section D of balance sheet assets.

Derivatives

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

Pursuant to article 2426(1)(11-bis) of the Italian Civil Code and OIC 32, derivative financial instruments, including those embedded in other financial instruments, are measured at fair value both upon initial recognition and at each subsequent reporting date. Fair value and changes therein compared to the previous year are recorded using different methods, depending on whether the transaction in derivative financial instruments qualifies (and is actually designated) as a hedge of financial risks.

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

If the transaction does not qualify (or is not designated) as a hedge, fair value changes are recognised in section D in the profit and loss account) "Value adjustments to financial assets and liabilities". In accordance with Article 2426(1)(11-bis) of the Italian Civil Code, profit from the measurement of derivatives which is not designated as hedge is taken to a non-distributable net equity reserve.

Fair value calculation

In order to determinate the fair value of derivative financial instruments, the Company maximised the use of relevant observable parameters and minimised the use of unobservable parameters in accordance with the following fair value hierarchy:

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

Provisions for risks and charges

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

These provisions are measured in accordance with the general principle of prudence and on an 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 in 2020 are shown in the table below, with the breakdown by category.

Workforce at 31/12/2020

Breakdown	31/12/2020	31/12/2019	Changes in the period
Senior management	1	1	0
Executives	2	3	(1)
White collars	14	12	2
Total	17	16	1

Average workforce at 31/12/2020

Breakdown	31/12/2020	31/12/2019	Changes in the period
Senior management	1.0	1.0	0.0
Executives	2.0	2.0	0.0
White collars	13.7	13.0	0.7
Total	16.7	16.0	0.7

Balance sheet

Assets

B) Fixed assets

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
144,192,857	84,486,309	59,706,548

I) Intangible fixed assets

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
585,460	283,844	301,616

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the year
Industrial patents	5,956	5,169	787
Concessions, licences, trademarks and similar rights	3,520	8,652	(5,132)
Assets under development and payments on account	575,984	270,023	305,961
Total	585,460	283,844	301,616

Change in intangible fixed assets

Industrial patents and intellectual property rights

Description	Balance at 31/12/2019	Increases	Transferred balance	Amortisation	Balance at 31/12/2020
Software licences	5,169	3,290	0	(2,503)	5,956
Total	5,169	3,290	0	(2,503)	5,956

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	Balance at 31/12/2019	Increases	Transferred balance	Amortisation	Balance at 31/12/2020
Concessions, licences, trademarks and similar rights	8,652	0	0	(5,132)	3,520
Total	8,652	0	0	(5,132)	3,520

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	Balance at 31/12/2019	Increases	Write-downs	Decrease	Amortisation	Balance at 31/12/2020
Project development costs	270,023	305,961			0	575,984
Total	270,023	305,961	0	0	0	575,984

Increases during the year refer to the costs sustained to develop projects to obtain single authorisations (i.e., to acquire companies that hold such authorisations) in Italy. Such costs will be re-invoiced to the SPV (Special Purpose Vehicle) if already set up or transferred to the SPV once the Company obtains the authorisations necessary for construction. These costs pertain to several years and their recovery is linked to the reasonable certainty that the construction permit will be obtained for the plant.

II) Tangible fixed assets

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
50,628	73,774	(23,146)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
Plant and machinery	12,339	20,178	(7,839)
Industrial and commercial equipment	0	0	0
Other assets	38,289	53,596	(15,307)
Assets under construction and advance payments	0	0	0
Total	50,628	73,774	(23,146)

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 as at 31/12/2019	20,178
Purchases of the period	0
Depreciation of the period	(7,839)
Balance as at 31/12/2020	12,339

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 written off over ten years.

No new investments were made during the year.

Other assets

Description	Amount
Balance as at 31/12/2019	53,596
Balance from the transfer	0
Purchases of the period	(1,959)
Sales of the period	1,959
Other decreases	0
Depreciation of the period	(15,307)
Balance as at 31/12/2020	38,289

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 31/12/2020	Balance at 31/12/2019	Change in the period
143,556,769	84,128,691	59,428,078

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
Equity investments	12,693,901	32,279,771	(19,585,870)
Receivables	130,862,868	51,848,920	79,013,948
Total	143,556,769	84,128,691	59,428,078

Equity investments

Company	Balance at 31/12/2019	Increases	Decreases	Transfer	Write-downs	Balance as at 31/12/2020
Subsidiaries	32,266,948	4,564,786	(23,408,024)	0	(742,632)	12,681,078
Other companies	12,823	0	0	0	0	12,823
Total	32,279,771	4,564,786	(23,408,024)	0	(742,632)	12,693,901

Investments in subsidiaries are recognised at purchase cost including any ancillary charges. Changes during the year include increases totalling € 4,564 thousand and a decrease totalling € 23,408 thousand

“Increases” refer to:

- the waiver of the receivable (€ 2,600 thousand) and the capital contribution (€ 740 thousand) in favour of the subsidiary Renexia Wind Offshore S.p.A. during the year;
- the waiver of the receivable (€ 33 thousand) and the capital contribution (€ 10 thousand) in favour of the subsidiary Good Wind S.r.l. during the year;
- the waiver of the receivable (€ 28 thousand) in favour of the subsidiary Spartivento S.r.l. during the year;
- the waiver of the receivable (€ 34 thousand) in favour of the subsidiary Calabria Energia S.r.l. during the year;
- the waiver of the receivable (€ 33 thousand) and the capital contribution (€ 10 thousand) in favour of the subsidiary Indaco S.r.l. during the year;
- the waiver of the receivable (€ 1,000 thousand) in favour of the subsidiary Pech S.p.A. during the year;
- the waiver of the receivable (€ 83 thousand) in favour of Renexia Recharge S.r.l.

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

“Decreases” totalling € 23,408 thousand refer to:

- € 4,705 thousand for the reversal of the corresponding carrying amount of 20% of the equity investment in US Wind Inc. sold during the year to Apollo Global Management, as described in the section “Significant events in the year”;

- € 18,703 thousand for the partial repayment by US Wind Inc. of capital contributions made by the Company in previous years to its US-based subsidiary in support of its development activities. The balance includes the federal withholding tax that the Company was required to pay through its US subsidiary.

The write-downs of Spartivento (€ 112 thousand), Good Wind (€ 110 thousand) and Calabria Energia (€ 106 thousand) were necessary mainly as a result of two circumstances:

- 1) The regulations in force on incentives (Ministerial Decree on Renewable Energy Sources of 4/7/2019) provide for the possibility to access potentially remunerative tariffs (specified in the previous Ministerial Decree on Renewable Energy Source of 2016) only in case the power plants enter into operation by February 2022. This deadline has been subject to various extensions as a consequence of the evolution of the pandemic. Given no further extensions on the timing of entry into operation for the purposes of obtaining the tariffs outlined in the Ministerial Decree of 2016 are known, the Company considers it highly unlikely that it will be possible to complete the construction of the initiatives by that date. Unfortunately, the delays built up (i) due to the overall slowness of the authorisation operations as a result of commonplace bureaucratic bottlenecks and (ii) due to the consequences of the COVID-19 pandemic on the services provided by the entities involved in the authorisation processes.
- 2) The unfavourable opinion released during the internal procedure for the release of the landscape authorisation issued on 20 November 2020 by the Local Landscape Commission (“**LLC**”) pursuant to article 146/2004 and article 90 of the Technical Implementation Rules of the PPTR of the Apulia region. Although this opinion does not represent a definitive denial of the release of the landscape authorisation, given that the Archaeological Superintendency of Fine Arts and Landscape for the provinces of Brindisi, Lecce and Taranto could still express a favourable opinion in relation to the request, the request for a permit (the Simplified Authorisation Procedure was started in December 2019) still depends on the outcome of the landscape authorisation process and the corresponding schedule. The factual delays in processing the authorisation procedures are therefore incompatible with the need to obtain a permit and proceed with the construction of the power plants by February 2022.

Given the above current conditions, the directors have prudently written down the three equity investments. However, the Company and the subsidiaries active in the mini-wind sector in Italy will continue with the activities aimed at obtaining the necessary authorisations also during 2021, in view of the possibility to implement the corresponding initiatives and aware of the complex environment in which they operate.

It should be noted that access to the incentive tariffs specified in the Ministerial Decree on Renewable Energy Sources of 2016 is an essential condition to further the initiatives since the main assumptions of the projects are based on these provisions. In 2017, following the results of the auctions and registers of the GSE tender specified in the Ministerial Decree on Renewable Energy Sources of 2016, reports and studies on the trend of incentive requests were published by GSE and tended not to consider the relative technological maturity of mini-wind sector compared to the large one and therefore tended to penalise the sector. Said penalisation was then formalised by means of the issuance of the Ministerial Decree on Renewable Energy Sources of 2019, which outlined reduced tariffs for the same plant size compared to the more profitable ones specified in the same Ministerial Decree of

2016. The legislative amendment has significantly weakened the mini-wind sector, while bureaucratic inertia and difficulties related to the COVID-19 health emergency have led to further delays and hampered operations despite the Company's proactive attitude which aimed to benefit the exemptions provided under the Ministerial Decree of 2019 to access the tariffs of the Ministerial Decree of 2016.

Returning once again to the item "Equity investments", information about investees and their business activities in 2020 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 2020.

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%	2,393,297	1,262,597	6,225,308	170,000
US Wind	USA	\$ 100,000	80.00%	15,934,678	(1,975,023)	131,065,482	1,023,464
Medwind	Tunisia	5,000 dinars	80.00%	29,373	(108,169)	23,498	23,498
Renexia Wind Offshore S.p.A.	Chieti	€ 50,000	100.00%	2,424,706	2,843,087	2,424,706	8,193,000
Good Wind S.r.l.	Chieti	€ 10,000	100.00%	50,099	(2,677)	50,099	50,099
Spartivento S.r.l.	Chieti	€ 10,000	100.00%	33,869	(2,635)	33,869	33,869
Calabria Energia S.r.l.	Chieti	€ 10,000	100.00%	46,554	(2,674)	46,554	46,554
Indaco S.r.l.	Chieti	€ 10,000	100.00%	11,084	(22,224)	11,084	11,084
Volere Volare S.r.l.	Chieti	€ 10,000	100.00%	6,674	(25,678)	6,674	6,674
Renexia Pech S.p.A.	Chieti	€ 1,000,000	100.00%	1,973,552	(714,773)	1,973,552	3,029,640
Renexia Recharge S.r.l.	Chieti	€ 10,000	100.00%	85,000	(8,195)	85,000	93,196
Total							12,681,078

(*) 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) Renexia Wind Offshore S.p.A.

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

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

2) Renexia Pech S.p.A.

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.

3) Renexia Recharge S.r.l.

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

The equity investment is recorded at incorporation cost together with the waivers of receivables which demonstrate the commitment to increase the equity of the subsidiary to support its activities. The carrying amount of the equity investment is higher than the value of the shareholders' equity of the subsidiary as at 31 December 2020. This difference is deemed recoverable depending on how the start-up phase of the initiative will play out: according to the business plan, profits will be guaranteed in future years to recover the higher value recorded in the financial statements.

Receivables

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
From subsidiaries	29,264,821	14,119,108	15,145,713
From parents	101,598,047	37,729,812	63,868,235
Other provisions	0	0	0
Total	130,862,868	51,848,920	79,013,948

Description	Balance at 31/12/2019	Increases	Reclassifications	Decreases	Balance at 31/12/2020
From subsidiaries	14,119,108	19,097,499	0	(3,951,786)	29,264,821
From parents	37,729,812	73,116,217	0	(9,247,982)	101,598,047
Total	51,848,920	92,213,716	0	(13,199,768)	130,862,868

The item "receivables from subsidiaries" totalling € 29,264 thousand, increased by € 15,146 thousand during the year. The decreases (€ 3,951 thousand) refer to the waivers of receivables by the Company in favour of the parent company, described in detail in the section "Equity investments", and to the write-down (€147 thousand) performed on the receivable due from the subsidiary Medwind S.a.r.l. 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	Balance at 31/12/2019	Increases	Decreases	Balance at 31/12/2020
Renexia Wind Offshore S.p.A.	12,778,899	16,301,882	(2,600,000)	26,480,781
Good Wind S.r.l.	2,235	30,516	(32,519)	232
Spartivento S.r.l.	1,100	27,139	(28,029)	210
Calabria Energia S.r.l.	2,039	32,531	(34,343)	227
Indaco S.r.l.	9,134	4,104	(13,070)	168
Volere Volare S.r.l.	9,622	4,183	(13,629)	176
Beleolico S.r.l.	94	153	0	247
Renexia Pech. S.p.A.	1,263,985	2,517,063	(1,000,000)	2,781,048
US Wind Inc	0	818	0	818
MedWind Sarl	52,000	95,000	(147,000)	0
Renexia Recharge S.r.l.	0	84,110	(83,196)	914
Total	14,119,108	19,097,499	(3,951,786)	29,264,821

Changes in the provision for bad debts are shown in the following table:

Description	Balance at 31/12/2019	Increases	Decreases	Balance at 31/12/2020
Provision for bad debts to subsidiaries	0	147,000	0	147,000
Total	0	147,000	0	147,000

In 2020, € 147 thousand was allocated to the lending position with the subsidiary MedWind S.a.r.l.

The item "Receivables from parents" totalled € 101,598 thousand and experienced a net increase of € 63,868 thousand in 2020 as a result of disbursements totalling € 73,116 thousand and refunds totalling € 9,248 thousand.

The breakdown of receivables by geographical area as at 31 December 2020 is shown in the table below (article 2427(1)(6), Italian Civil Code).

Description	From subsidiaries	From parents	From others	Total
Italy	29,117,003	101,598,047	0	130,715,050
Non-EU	147,818			147,818
Total	29,264,821	101,598,047	0	130,862,868

C) Current assets

II) Receivables

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
4,265,557	4,614,224	(348,667)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
Trade receivables	2,123,740	2,120,211	3,529
From subsidiaries	498,857	1,181,295	(682,438)
From parents	71,965	355,651	(283,686)
From subsidiaries of parents	3,150	4,613	(1,463)
Tax receivables	782,018	482,455	299,563
Deferred tax assets	51,235	46,675	4,560
From others	734,592	423,324	311,268
Total	4,265,557	4,614,224	(348,667)

Description	Due within one year	Due after one year	Due after five years	Total
Trade receivables	2,123,740			2,123,740
From subsidiaries	498,857			498,857
From parents	71,965			71,965
From subsidiaries of parents	3,150			3,150
Tax receivables	782,018			782,018
Deferred tax assets	51,235			51,235
From others	334,332	222,000	178,260	734,592
Total	3,865,297	222,000	178,260	4,265,557

The item "Trade receivables" (€ 2,123 thousand) mainly comprises receivables from CVA related to the amounts withheld from the sale price of the equity investment in Ponte Albanito S.r.l.

The item "Trade receivables" (€ 498 thousand) includes trade receivables related to commercial transactions and are broken down as follows:

- € 125 thousand from Parco Eolico Casalduni House S.r.l. consisting of trade receivables for the technical services provided to the subsidiary;
- € 80 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 113 thousand from US Wind Inc. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 32 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 129 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;

- € 19 thousand from the mini-wind farm companies for the technical services provided to the subsidiaries.

The item "Receivables payable to parent companies" (€ 72 thousand) includes the receivables due from Toto Holding S.p.A. under the tax consolidation scheme of 2020.

The item "Receivables payable to subsidiaries of parents" (€ 3 thousand) includes the amounts due from other group companies related to the recharge of costs incurred on their behalf.

The item "Tax receivables", totalling € 782 thousand, includes the VAT receivable at the reporting date (€ 766 thousand) and the IRAP (regional production tax) receivable for payments on account in previous years (€ 15 thousand).

The item "Deferred tax assets" (€ 51 thousand) comprises 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.

The item "Receivables from others" (€ 734 thousand) comprises receivables from employees totalling € 480 thousand, advance payments to suppliers for services totalling € 243 thousand and guarantee deposits totalling € 11 thousand.

Changes in the provision for bad debts during the year are shown in the following table:

Description	Balance at 31/12/2019	Increases	Reclassifications	Decreases	Balance at 31/12/2020
Provision for bad debts of subsidiaries	0	571,806	0	0	571,806
Total	0	571,806	0	0	571,806

In 2020, trade receivables due from the Tunisian subsidiary, Medwind S.a.r.l., were written down.

The breakdown of receivables by geographical area as at 31 December 2020 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	2,123,740	385,601	71,965	3,150	782,018	51,235	734,592	4,152,301
EEC								0
Non-EEC		113,256						113,256
Total	2,123,740	498,857	71,965	3,150	782,018	51,235	734,592	4,265,557

III) Financial assets not held as fixed assets

Equity investments

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
Equity investments	46,843	901,851	(855,008)
Total	46,843	901,851	(855,008)

Company	Balance at 31/12/2019	Capital contributions	Sales	Reclassifications	Balance at 31/12/2020
Intersun S.r.l.	901,851	35,000	(890,008)	0	46,843
Total	901,851	35,000	(890,008)	0	46,843

On 3 April 2019, the Company signed the agreement for the sale of its shares in Intersun S.r.l.: under the contract to acquire Beleolico S.r.l., 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 included the option to pay part of the price of the equity investment in Beleolico S.r.l. by transferring the shares of Intersun S.r.l. The contract for the sale of the shares in Intersun S.r.l. was signed on 3 April 2019. The sale was, however, subject to certain conditions, all of which have been met. The notary deed transferring 95% of the interest in Intersun S.r.l. was signed on 18 September.

The Company secured a capital gain on the sale of 95% of the equity investment totalling € 444 thousand; the remaining 5% will be sold when certain non-substantive conditions have been met to ensure the complete transfer of ownership.

IV) Liquid funds

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
135,365	1,054,728	(919,363)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the year
Bank and postal accounts	124,854	1,046,305	(921,451)
Cash-in-hand and cash equivalents	10,511	8,423	2,088
Total	135,365	1,054,728	(919,363)

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

D) Prepayments and accrued income

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
79,915	71,702	8,213

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
Accrued income	0	0	0
Prepayments	79,915	71,702	8,213
Total	79,915	71,702	8,213

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 as at 31 December 2020 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 31/12/2020	Balance at 31/12/2019	Change in the period
102,755,405	38,169,711	64,585,694

Description	Balance at 31/12/2019	Increases	Decreases	Balance at 31/12/2020
Capital	5,000,000			5,000,000
Share premium reserve	528,216			528,216
Legal reserve	921,296	78,704		1,000,000
Reserve for future capital increases	10,800,000			10,800,000
Profit (loss) carried forward	11,267,642	2,573,853		13,841,495
Profit (loss) for the year	9,652,557	71,585,694	(9,652,557)	71,585,694
Total	38,169,711	74,238,251	(9,652,557)	102,755,405

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
Balance at 31 December 2018	5,000,000	528,216	449,512	10,800,000	(10,183,337)	96,922,762	103,517,153
<i>Allocation of profit</i>							
-Payment of dividend						(75,000,000)	(75,000,000)
-Other allocations			471,784		21,450,978	(21,922,762)	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
<i>Allocation of profit</i>							
-Payment of dividend						(7,000,000)	(7,000,000)
-Other allocations			78,704		2,573,853	(2,652,557)	0
Net profit (loss) for the current year						71,585,694	71,585,694
Balance at 31 December 2020	5,000,000	528,216	1,000,000	10,800,000	13,841,495	71,585,694	102,755,405

On 29 June 2020, when approving the financial statements as at 31 December 2019, the shareholders also resolved to allocate € 7 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	A,B,C	528,216		
Legal reserve	1,000,000	B	1,000,000		
Reserve for future capital increases	10,800,000	A,B,C	10,800,000		
Retained earnings	13,841,495	A,B,C	13,841,495	(10,183,337)	
Total	31,169,711		26,169,711	(10,183,337)	
Non-distributable amount			1,000,000		
Residual distributable amount			25,169,711		

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

B) Provisions for risks and charges

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
3,768,147	3,471,926	296,221

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the year
Tax provision, including deferred tax liabilities	2,520	2,520	0
Derivative financial instruments classified as liabilities	278,364	0	278,364
Other provisions	3,487,263	3,469,406	17,857
Total	3,768,147	3,471,926	296,221

The item “Derivative financial instruments classified as liabilities” (€ 278 thousand) includes the fair value measurement of the call option provided for in the sales agreement of the minority stake in US Wind, as described in the section “Significant events in the year”, to which reference should be made. For further information on how the value of the option was determined, reference should be made to the section “Information on the fair value of derivatives” in this document.

The item “Other provisions” (€ 3,487 thousand) refers 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 31/12/2020	Balance at 31/12/2019	Change in the period
138,167	136,461	1,706

Description	Balance at 31/12/2019	Increase	Advances/payments	Balance at 31/12/2020
Employee severance indemnities	136,461	65,961	(64,255)	138,167
Total	136,461	65,961	(64,255)	138,167

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 as at 31 December 2020.

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 31/12/2020	Balance at 31/12/2019	Change in the period
42,056,684	49,348,028	(7,291,344)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes
Bank loans and borrowings	4,736	9,191	(4,455)
Trade payables	609,714	717,628	(107,914)
Payables to subsidiaries	35,383,830	34,029,541	1,354,289
Payables to parents	325,536	336,273	(10,737)
Payables to subsidiaries of parents	232,893	156,546	76,347
Tax payables	4,891,134	1,229,802	3,661,332
Social security charges payable	134,223	137,152	(2,929)
Other payables	474,618	12,731,895	(12,257,277)
Total	42,056,684	49,348,028	(7,291,344)

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	4,736			4,736
Trade payables	539,510	70,204		609,714
Payables to subsidiaries	35,383,830			35,383,830
Payables to parents	325,536			325,536
Payables to subsidiaries of parents	232,893			232,893
Tax payables	4,825,838	65,296		4,891,134
Social security charges payable	134,223			134,223
Other payables	474,618			474,618
Total	41,921,184	135,500	0	42,056,684

“Bank loans and borrowings” (€ 5 thousand) mainly comprise the liability related to prepaid cards.

“Trade payables” total € 539 thousand. The item comprises amounts due to suppliers for goods and services acquired during the period for normal business activities.

“Payables to subsidiaries” (€ 35,384 thousand) refer to the balance at the end of the period of the loans received from Renexia Services S.r.l. (€ 34,467 thousand) and for invoices to be received from US Wind Inc. (€ 951 thousand). Interest accrues on the loans received in accordance with the contract signed between the parties, which regulates intragroup money remittances.

“Payables to parents” (€ 325 thousand) refer entirely to trade payables for services received.

“Payables to subsidiaries of parents” (€ 232 thousand) include:

- 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. totalling € 24 thousand;
- trade payables to the related Toto Real Estate S.p.A. totalling € 128 thousand.;
- trade payables to the related company TOTO S.p.A. totalling € 36 thousand. Costruzioni Generali amounting to € 20 thousand;
- Trade payables to the related company Ambra S.r.l. amounting to € 8 thousand.

“Tax payables” (€ 4,891 thousand) refer mainly to the amount due to the tax authorities for withholdings on employees’ remuneration and freelancers’ fees (€ 1,051 thousand), VAT payable in instalments (€ 83 thousand) and amounts due to the tax authorities for withholdings on dividends paid (€ 3,755 thousand).

“Social security charges payable” (€ 134 thousand) refer to the amounts accrued during the period and payable to the INPS, INAIL and PREVIDAI social security institutes and supplementary pension funds. This item comprises the amount due to INPS for contributions payable in instalments (€ 53 thousand).

“Other payables” (€ 475 thousand) mainly include:

- payables to the board of statutory auditors (€ 36 thousand);
- payables to employees for June salaries paid in July, the 14th month bonus pay, holiday and leave pay accrued at the reporting date and still to be paid (€ 437 thousand);

The breakdown of payables by geographical area as at 31 December 2020 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	4,736	609,714	34,467,034	325,536	232,893	4,891,134	134,223	474,618	41,139,888
EU									0
Non-EU			916,796						916,796
Total	4,736	609,714	35,383,830	325,536	232,893	4,891,134	134,223	474,618	42,056,684

E) Accrued expenses and deferred income

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
2,134	2,688	(554)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the period
Accrued expenses	2,134	2,688	(554)
Total	2,134	2,688	(554)

These are adjusting entries for the period calculated on an accrual basis. The item amounts to € 2 thousand as at 31 December 2020.

Profit and loss account

A) Production revenues

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
511,024	776,389	(265,365)

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the year
Turnover from sales and services	498,680	763,222	(264,542)
Internal work capitalised	0	0	0
Other revenues and income	12,344	13,167	(823)
Total	511,024	776,389	(265,365)

Turnover from sales and services (€ 499 thousand) include:

- services provided to the US-based subsidiary US Wind (€ 113 thousand) ;
- services provided to the subsidiary Renexia Services S.r.l. (€ 80 thousand);
- services provided to the Tunisian subsidiary MedWind (€ 14 thousand);
- services provided to the subsidiary Parco Eolico Casalduni House S.r.l. (€ 1,112 thousand);
- services provided to the subsidiary Beleolico S.r.l. (€ 129 thousand);
- services provided to the subsidiary Renexia Recharge S.r.l. (€ 31 thousand);
- services provided to other group companies (€ 19 thousand);

Revenues by business segment

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
Gain on the sale of investments	0	150,000	(150,000)
Technical and administrative services	498,680	613,222	(114,542)
Total	498,680	763,222	(264,542)

Revenues by geographical area

Description	Technical and administrative services	Other revenues	Total
Italy	484,679	0	484,679
EU	0	0	0
Non-EU	14,001	0	14,001
Total	498,680	0	498,680

B) Production costs

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
8,416,533	4,552,373	3,864,160

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the year
Raw materials, supplies and goods	43,642	51,940	(8,298)
Services	2,908,212	1,711,716	1,196,496
Use of third party assets	317,936	284,591	33,345
Wages and salaries	3,029,174	1,211,623	1,817,551
Social security contributions	240,322	232,624	7,698
Employee severance indemnities	95,365	67,526	27,839
Other personnel costs	(1,623)	4,712	(6,335)
Amortisation of intang. fixed assets	7,635	12,118	(4,483)
Depreciation of tang. fixed assets	23,146	17,806	5,340
Write-downs of receivables included in current assets	571,806	0	571,806
Other provisions	0	16,300	(16,300)
Other operating charges	1,180,918	941,417	239,501
Total	8,416,533	4,552,373	3,864,160

The breakdown of production costs is as follows:

The main changes compared to the previous year refer to:

- services, which increased by € 1,196 thousand;
- personnel costs (increased by € 1,901 thousand);
- other operating charges, which rose by € 240 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 2019 and the repayment of part of the capital contribution made in 2020. Indeed, in 2019 the WT amounted to approximately € 631 thousand, while in 2020 the WT was reported as € 861 thousand.

The main cost items are described below.

Raw materials, ancillary materials and goods (€ 44 thousand)

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

Services (€ 2,908 thousand)

Costs for services consist primarily of:

- Administrative services (€ 1,380 thousand);
- Business and technical advisory services (€ 469 thousand);
- Commissions on sureties (€ 238 thousand);
- Directors' fees (€ 216 thousand);

- Travel, food and lodging expenses (€ 46 thousand);
- Fees for the Supervisory Body for € 32 thousand;
- Fees paid to the Board of Statutory Auditors (€ 35 thousand);
- Legal advisory services (€ 326 thousand);
- Insurance (€ 33 thousand);
- Other costs (€ 132 thousand).

Use of third-party assets (€ 317 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 (€ 3,363 thousand)

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

Amortisation/depreciation of intangible (€ 8 thousand) and tangible (€ 23 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.

Write-down of receivables included among current assets (€ 572 thousand)

This item includes the write-down performed during the year on the trade receivables due from the subsidiary Medwind S.a.r.l.

Other operating charges (€ 1,180 thousand)

The balance of this item comprises:

- withholdings as a result of the withholding tax related to the reimbursement of part of the capital contribution by the US subsidiary US Wind Inc. (€ 861 thousand).
- Impact of the pro rata VAT of the year (€ 16 thousand);
- fines and penalties (€ 40 thousand);
- penalties for the late payment of taxes (€ 201 thousand);
- other charges (€ 63 thousand).

C) Financial income and charges

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
80,187,622	15,122,130	65,065,492

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
Income from equity investments (sale)	80,248,093	0	80,248,093
Income from equity investments (dividends)	0	13,284,917	(13,284,917)
Income from financial receivables classified as fixed assets	2,926,452	2,742,384	184,068
Other financial income	1,468	14,189	(12,721)
(Interest and financial charges from parents)	0	0	0
(Interest and financial charges from subsidiaries)	(1,257,703)	(988,570)	(269,133)
(Interest and other financial charges)	(2,410,420)	(67,904)	(2,342,516)
Net exchange rate gains (losses)	679,732	137,114	542,618
Total	80,187,622	15,122,130	65,065,492

“Income from equity investments” for the year (€ 80,248 thousand), essentially refers to the capital gain ensuing from the sale of a minority stake in the subsidiary US Wind Inc., as described in the section “Significant events in the year”.

Income from financial receivables classified as fixed assets includes the interest accrued on loans granted to subsidiaries and to the parent (€ 2,926 thousand).

In contrast, financial charges consist of interest expense accrued in the period on loans received by subsidiaries (€ 1,257 thousand), by the interest accrued on the existing loans and fees paid for services received by financial intermediaries (€ 2,410 thousand).

D) Adjustments to financial assets

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
(1,167,996)	(1,209,058)	41,062

Description	Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
Equity investments	(742,632)	(1,209,058)	466,426
Financial fixed assets	(147,000)	0	(147,000)
Derivatives	(278,364)	0	(278,364)
Total	(1,167,996)	(1,209,058)	41,062

The balance of € 1,668 thousand is determined by (i) the write-down of the financial receivable due from the same (€ 147 thousand), (ii) the write-downs performed (for a total of € 376 thousand) on the equity investments of the companies incorporated for the mini-wind projects, (iii) the write-down of the equity investment in the Tunisian company Medwind S.a.r.l. (€ 367 thousand) and (iv) the fair value measurement of the call option underwritten as part of the sales transaction of a minority stake in US Wind Inc. (€ 278 thousand).

Income taxes for the year

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
(471,577)	484,531	(956,108)

Taxes	Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
Current taxes:	0	0	0
IRES (corporate income tax)	0	0	0
IRAP (regional tax on production)	0	0	0
Deferred tax liabilities (assets):	(4,559)	(8,386)	3,827
IRES (assets)	(4,559)	(8,386)	3,827
IRES (liabilities)	0	0	0
IRAP (regional tax on production)	0	0	0
(Income) expense from participation in the national tax consolidation scheme	(70,716)	288,971	(359,687)
Prior year taxes	(396,302)	203,946	(600,248)
Total	(471,577)	484,531	(956,108)

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 31/12/2020	Taxes
Profit (loss) before taxes	71,114,117	
Theoretical tax charge (%)	24.00%	17,067,388
Temporary differences that will reverse in subsequent years:		
Non-deductible amortisation/depreciation	2,427	
Unrealised exchange rate losses	353,100	
	355,527	
Differences that will not reverse in subsequent years		
Non-deductible write-downs and provisions	40,660	
Unrecognised revenues (parameters and studies)	0	
Other increases	4,878,626	
	5,274,813	
Other decreases	76,683,582	
	76,683,582	
Overall tax loss	(294,652)	
Loss utilised by the Group (tax consolidation)	(294,652)	
(Income) arising from consolidation (on utilised loss)	24.00%	(70,716)

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	2020
a) Contracts in progress	
Leased assets at the end of the previous year, net of prior year depreciation	134,474
+ Leased assets acquired during the year	0
- Leased assets redeemed during the year	0
- Depreciation of the year	(43,123)
- Reversal of provision for redeemed assets	0
- Vale re-adjustments of assets under financial lease	7,427
- Reversal of provision for assets sold or no longer held	
Leased assets at the end of the year, net of depreciation	98,778
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	135,826
+ Residual payments arising during the year	0
- Reductions due to repayment of principal and redemptions during the year	(23,360)
- Reductions due to assignment of contracts during the year	
Finance lease payments at the end of the year	112,466
d) Total gross effect at year end (a+b-c)	Effect on NE (13,688)
e) Net tax effect	Tax (3,945)
f) Effect on net equity at the end of the year (d-e)	(8,781)
<i>The impact on the profit and loss account can be broken down as follows:</i>	
Reversal of lease payments	28,572
Reversal of lease down payment	7,427
Recognition of financial charges on leases	(5,212)
Recognition of accumulated depreciation	(43,123)
Effect on profit before taxes	Effect on PL (12,336)
Recognition of the tax effect	Tax (3,555)
Net effect of recognition of leases with the financial method on the profit for the year	(8,781)

Other information

Commitments, guarantees given and contingent liabilities

Balance at 31/12/2020	Balance at 31/12/2019	Change in the period
75,995,577	23,413,236	52,582,341

Description	Balance at 31/12/2020	Balance at 31/12/2019	Changes in the year
Risks	75,995,577	23,413,236	52,582,341
Commitments	0	0	0
Total	75,995,577	23,413,236	52,582,341

Pursuant to article 2427(9) of the Italian Civil Code, the following guarantees were issued as at 31 December 2020:

- € 5 million for the guarantee requested of the company by the buyer for the sale of Ponte Albanito S.r.l. as the “*maximum liability*” for violation of contractual representations and warranties;
- € 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”;
- € 2,135 thousand, equal to the value as at 31 December 2020 of the surety issued by the Company in favour of the subsidiary US Wind Inc. as a guarantee for the loan granted to the latter by the Maryland Energy Administration;
- € 4,971 in favour of the subsidiaries US Wind Inc. and Renexia Services S.r.l.;
- € 1,769 thousand, in connection to the Company’s joint liability with the subsidiary Renexia Wind Offshore S.p.A. for payment of the residual portion of the equity investment in Beleolico S.r.l.;
- € 45 million, in connection to the guarantee in favour of Beleolico S.r.l. as part of the reformulation of payables, as shown in the section “Significant events in the year” in the management report;

As at 31 December 2020, 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. The Company has not received public grants amounting to more 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	2020	2019
Directors	€ 208,000	€ 120,000
Board of Statutory Auditors	€ 36,500	€ 16,309

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 2020 to the independent auditors and their affiliated 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, in August 2020 the Company signed an additional agreement designated as the "Put Call Option Agreement" with Apollo. This is described in the section "Significant events in the year – United States" and took place at the same time as the agreement for the sale of 20% of the shares of the subsidiary US Wind Inc. (for \$ 100 million). Under this agreement, the parties have defined the following options on the shares:

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

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

- (i) the period in which the put and call options described above may presumably be exercised has been limited;
- (ii) simulations (Monte Carlo) were performed at the reference date of 31 December 2020 by means of a million interactions with the geometric Brownian motion and rooted in two scenarios: the first assumed that there are no changes in the price of US Wind Inc. shares between August 2020 and December 2020 ("Scenario A"), while the second assumed that the increase in the value of US Wind Inc. shares is calculated on the basis of a reasonable growth rate ("Scenario B");
- (iii) in light of the above, as of 31 December 2020, the fair value of the put and call options was determined as the average value obtained from the one million interactions performed with the Monte Carlo method and totalled \$ 341,581.00 (negative), which is equivalent to € 278,364.44 at the year-end exchange rate. The Company recorded this value in the profit and loss account under item "D 19) Value adjustments on financial assets and liabilities - write-downs", with provisions for risks and charges as a balancing entry

under item “B) 3) Derivative financial instruments classified as liabilities” in accordance with the accounting standards OIC 32.

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

Type	Underlying variable	Fair Value Positive (Negative)	
€		31/12/2020	31/12/2019
Call options / Put options	Shares (US Wind Inc.)	(278,364)	0

Information on financial instruments issued by the Company

Pursuant to article 2427(1)(18) and (19) of the Italian Civil Code, it should be noted that, as already outlined in the preceding section, the Company's options on the shares of the subsidiary US Wind Inc. include:

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

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

Off-balance sheet arrangements

Pursuant to article 2427(1)(22-ter) of the Italian Civil Code, there are no off-balance sheet transactions.

Significant events after the reporting date

Company management

In May 2021, the Company received a dividend totalling \$ 33.25 million (net of federal withholding tax) from its US subsidiary US Wind Inc. This dividend stems from the sale of the concession of a body of water concluded by US Wind Inc. with EDF in December 2018; specifically, it concerns the deferred consideration totalling \$ 240 million, of which \$ 50 million was collected in May by US Wind Inc. The residual price will be collected by the US subsidiary in accordance with the agreements based on the MWs actually installed in the New Jersey area included in the sale.

Development of Energy BU projects

Parco Eolico Casalduni House S.r.l. Project

No events require reporting in this section. Following the signing of the loan outlined in the section “Significant events in the year”, construction work continued on the wind farm covered by the initiative and the wind farm is expected to be completed by the end of 2021.

Beleolico Wind Farm Project

Negative events marked the previous years; however, as described in the section “Significant events in the year”, no events pertaining to this year require reporting in this section. Construction work continued on the wind farm covered by the initiative and, also in this case, the wind farm is expected to be completed by the end of 2021.

Business outlook

As outlined in the section “The ability to continue as a going concern” and in the previous section “Significant events after the reporting date”, the Company successfully handled the effects of the COVID-19 pandemic, a health crisis that has disrupted the world economy for more than a year. The efforts made by the Company’s management and the Group’s governance allowed to overcome the difficulties and establish the conditions needed to face the upcoming months by working on the initiatives already in place and those planned with optimism. In particular:

- the sale of a minority stake in US Wind Inc. has allowed the Company to enter into an important partnership with an international investment fund. The fund will support the subsidiary company in the development of the planned initiative, guaranteeing the necessary financial resources. As shown by the figures agreed upon for the sale of the 20% stake, the Company currently includes an asset on its balance sheet (equal to the residual value of the equity investment in US Wind Inc., 80%) that is not fully valued and is destined to increase proportionally to the milestones reached by the US subsidiary during its authorisation process;
- the reactivation of the loan issued to Beleolico S.r.l., on the one hand, and the subscription of the bond issued to PECH, on the other, will allow the business unit to finance the two investments. The investments will generate capital gains in the long term, and these will guarantee important cash flows in the current year for the subsidiary Renexia Services S.r.l. operating its capacity as EPC contractor to guarantee construction. Thanks to these initiatives, the Company can count on an initial MW portfolio that will drive its strategy aimed at the penetration of the reference market.
- Management of short-term liquidity is ensured by the collection of the dividend totalling \$ 33.25 million mentioned in the section “Significant events after the reporting date” and the upcoming signing of a loan agreement with 90% of the loan guaranteed by SACE. The agreement covers a six-year loan with a three-year pre-amortisation period and a three-year amortisation period. As already mentioned, talks with banks to obtain the approximately € 3 million funding are in the final stages.

The Company continues to monitor the evolution of the situation by evaluating optimisation measures on a one-

on-one basis to promptly face the constant flow of new variables during this period, which is still marked, albeit in a more marginal way, by the effects of the pandemic.

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 as at 31 December 2020 which show a net profit of € 71,585,694;
- allocate the net profit for the year of € 71,585,694 to the equity reserve “Retained earnings and losses carried forward”.

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

RENEXIA S.P.A.

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 2020, 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 2020, 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 and on other occasions we obtained from the Directors information about the general management of the Company and the business outlook, as well as 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 2020, 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 our knowledge, in drawing up the accounts the Directors have made no deviation from the law pursuant to the provisions of Article 2423(5) of the Italian Civil Code.

In view of the derogation envisaged by article 106(1) of Decree-Law no. 18 of 17 March 2020, converted into Law no. 26 of 24 April 2020, and extended by the "One thousand extensions" ("*Milleproroghe*") Decree-Law (no. 183 of 31 December 2020), converted into Law no. 21 of 26 February 2021, the Ordinary Meeting to approve the financial statements was convened within the extended term of 180 days of the end of the financial year.

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 2020, of the profit and loss situation and cash flows for the year then ended, in accordance with Italian legislation governing their preparation.

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

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

Based on the findings of our work, we call on the Shareholders to approve the financial statements at 31 December 2020 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, Viale Abruzzo 410, at the Company's registered office, 13 July 2021.

The Board of Statutory Auditors

Francesco Cancelli (Chairman)

Giovanni D'Aquino (Standing Auditor)

Paolo Palumbo (Standing Auditor)

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

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INDEPENDENT AUDITOR'S REPORT

RENEXIA SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020



Independent auditor's report

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

To the shareholders of Renexia SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Renexia SpA (the Company), which comprise the balance sheet as of 31 December 2020, 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 2020, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

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

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian laws governing the criteria for their preparation and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the

PricewaterhouseCoopers SpA

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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 2020, 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 2020 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 2020 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, 13 July 2021

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.