

Board of Directors approves
interim financial statements at 31 March 2021

**Revenues up despite poor wind conditions,
financial stability confirmed**

Significant pipeline growth: 3.5 GW reached (+25%)

2021 guidance reaffirmed

ECONOMIC AND FINANCIAL RESULTS

- **Revenues** reached €128.7 million, compared to €121.0 million in Q1 2020;
- **Ebitda**¹ at €62.8 million compared to €72.5 million in Q1 2020;
- **Profit before tax** at €31.4 million compared to €39.0 million in Q1 2020;
- **Net financial debt**, including fair value of derivatives, dropped to €699.7 million from €705.5 million as at 31 December 2020;
- **Capex** of €13.7 million compared to €37.6 million in Q1 2020.

MAIN INDUSTRIAL RESULTS

- Lower than expected wind and solar production (-5.3% in Q1 2021, compared to +14% in Q1 2020), resulting in lower production volumes than in Q1 2020 for a total of 821 GWh (-10%). Installed capacity increased in the United States by +62 MW (producing 37 GWh in Q1 2021);
- Increase in energy prices in Italy (+11% year-on-year), Spain (+18%), Sweden and Norway (+21%);
- *Business Development*: project pipeline reached a volume of 3.5 GW (+25% compared to end-December 2020), of which 1.1 GW has permitting underway. Projects in phase II + III of development: +150 MW compared to end of December 2020;
- First authorisation obtained for an agri-voltaic plant in Sicily (10 MW) for with development started only 18 months ago;

¹ Ebitda is defined by the Group as profit for the period before investment income and expenses, financial income and expenses, depreciation, amortisation, impairment losses, provisions for risks and income taxes.

Falck Renewables SpA

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Share Capital € 291,413,891.00 fully paid in Direction and coordination by Falck SpA

Registered offices: Corso Venezia, 16, 20121 Milan - Trade Register, Tax Code and VAT no. 03457730962 - Economic and Administrative Index no. MI - 1675378

- *Energy Management*: significant growth with 512 GWh dispatched in Italy and the UK (+34% year-on-year), of which 333 GWh derived from our own assets and 179 GWh from third-party assets.

Milan, 12 May 2021 - The Board of Directors of Falck Renewables SpA has reviewed and approved the interim financial report as at 31 March 2021.

CEO Toni Volpe commented:

"We continue to successfully implement our growth strategy, developing new projects and further strengthening our industrial expertise in asset and energy management. For 2021, despite the poor wind conditions in the first quarter, we are confident that we will meet our targets."

Consolidated financial results at 31 March 2021 and 2020

(€ thousands)

	31.3.2021	31.3.2020
A Revenues	128,719	121,034
Direct costs	(69,803)	(54,590)
Personnel costs	(12,887)	(11,554)
Other income	2,492	5,118
Administrative expenses	(7,402)	(11,023)
Net margin from trading activities	(180)	83
B Operating profit/(loss)	40,939	49,068
Financial income/(expenses)	(9,418)	(10,785)
Investment income/(expenses)		(31)
Share of profit of investments accounted for using the equity method	(109)	710
C Profit/(loss) before tax	31,412	38,962
Ebitda *	62,840	72,516

(*) Ebitda is measured by the Falck Renewables Group as profit for the period before investment income and expenses, net financial income/expenses, amortisation and depreciation, impairment losses, allocations to risk provisions and the income tax expense.

In the first quarter of 2021, the Falck Renewables Group recorded consolidated revenues of €128.7 million, up 6.3% compared to €121.0 million in the first quarter of 2020.

The increase in revenues reflects several opposing dynamics, which can be summarised as follows:

- (i) approximately €2.1 million for the change in the scope of consolidation due to the acquisition of the plants of Building Energy Holding US LLC, carried out at the end of November 2020, with an installed capacity of 61.6 MW;
- (ii) approximately €11.7 million due to the higher volume of energy sold by Falck Next Energy Srl;

- (iii) approximately €2.1 million for higher revenues from consortia managing the interruptibility service in the Italian energy market;
- (iv) approximately €2.9 million for the increase in electricity prices, mainly in Italy, Spain and Scandinavian countries (Sweden and Norway);
- (v) approximately €14.1 million of lower revenues due to lower wind production in UK, Italy, France and Scandinavian countries (Sweden and Norway), partially offset by higher production in Spain;
- (vi) approximately €2.9 million for higher energy production at the biomass plant which, in Q1 2020 was temporarily shut down for scheduled maintenance, and the increase in quantities relating to the waste disposal and treatment service for the WtE plant in Trezzo sull'Adda;
- (vii) approximately €0.7 million for negative exchange rate effects mainly related to the British pound and the US dollar;
- (viii) €0.4 million for higher revenues in the services segment.

GWh produced globally by all of the Group's technologies amounted to 821 compared to 912 in the first quarter of 2020 (-10%).

Moreover, the average depreciation of the British pound against the euro and the US dollar against the euro, compared to the previous period, amounted to 1.3% and 8.5% respectively.

The following are the main changes in consolidated revenue by segment:

Wind power: the segment reported revenues of €82.1 million, down 7.7% from €88.9 million in the first quarter of 2020, mainly due to lower wind production in the UK, Italy, France and Scandinavian countries (Sweden and Norway), partially offset by higher production in Spain, which reduced revenues by approximately €14.1 million. This negative performance was partially mitigated by the increase in electricity prices in Italy, Spain, Scandinavian countries (Sweden and Norway) and the UK for about €6.1 million, as well as by the above-mentioned change in the scope of consolidation, due to the acquisition of Building Energy Holding US, LLC, which increased the installed capacity by 30 MW.

The GWh generated in the wind sector in the first quarter of 2021 amounted to 724 compared to 832 recorded in Q1 2020 (-13%).

Solar, biomass and WtE: the segment posted revenues of €17.7 million, up 29% compared to €13.8 million in the first quarter of 2020, mainly due to the restart of the biomass plant that was temporarily shut down for scheduled maintenance in the first quarter of 2020 and the increase in the quantities relating to the waste disposal and treatment service for the WtE plant in Trezzo sull'Adda, as well as the above-mentioned change in the scope of consolidation due to the acquisition of Building Energy Holding US LLC, which increased the installed capacity by approximately 31.6 MW.

Services: the segment posted revenues of €13.2 million, up 30.6% from €10.1 million in the first quarter of 2020, mainly due to higher revenues of approximately €2.1 million from consortia managing the interruptibility service in the Italian energy market and additional services provided by the Vector Renewables España group.

Other businesses: revenues of €43.8 million increased significantly (+108%) compared to €21.0 million in the first quarter of 2020 as a result of Falck Next Energy Srl's energy sales activities for the plants of the Group.

The breakdown of revenues by category of activity is as follows:

	(€ thousands)	
	Q1 2021	Q1 2020
Sale of energy from electricity and heat and other goods	112,980	107,824
Waste disposal and treatment	5,675	5,025
Plant maintenance	9,740	7,516
Other operating income	324	669
Total	128,719	121,034

Other income decreased to €2.5 million from €5.1 million in the first quarter of 2020, which was positively impacted by the €4.0 million gain realised on the Group's sale of its 50% interest in Novis Renewables LLC. This difference was partially recovered in the first quarter of 2021 by higher service revenues of €820 thousand and higher operating and capital grants of €574 thousand compared to the previous period.

Ebitda for the first quarter of 2021 amounted to €62.8 million (€72.5 million in the first quarter of 2020), down as a result of the aforementioned revenue trends and higher costs mainly related to the increase in operating capacity, the consolidation of Building Energy Holding US LLC and the strengthening of the structure, necessary to cope with the development of the new initiatives envisaged in the Industrial Plan. Ebitda as a percentage of revenues was 48.8% (59.9% in the first quarter of 2020).

Operating profit amounted to €40.9 million (€49.1 million in the first quarter of 2020) and as a percentage of revenue was 31.8% (40.5% in the first quarter of 2020).

Net financial expenses fell by €1.4 million compared to the first quarter of 2020. This reduction was due to lower exchange rate losses and to the management's actions aimed at improving the efficiency of financial costs through debt renegotiations, offset by the effect of imputed charges on the convertible bond, valued at amortised cost, amounting to €1.2 million (special item).

In the first quarter of 2021, the Falck Renewables Group recorded a **profit before tax and minority interests** of €31.4 million (€39.0 million in the first quarter of 2020).

Net financial position

Net financial position including the fair value of derivatives amounted to €699.7 million compared to €705.5 million as at 31 December 2020.

The improvement in the net financial position is the result of several components: the generation of cash from operations, amounting to approximately €41.9 million, is offset by net investments of approximately €13.7 million. The revaluation of the British pound and the dollar against the euro had a negative effect on net financial debt of €19.1 million, while the change in the fair value of derivatives had a positive effect on the net financial position of €6.7 million. Capital increases in companies accounted for using the equity method amounted to approximately €9 million. Finally, additional minority transactions amounting to approximately €1 million were recorded.

The **net financial position** without the fair value of derivatives, shows a debit balance of €654.7 million (€659.4 million as at 31 December 2020).

Impact of adjustments

To provide a better understanding of the income statement for the first quarter of 2021 and their comparison to the first quarter of 2020 and the net financial position for the first quarter of 2021 and its comparison to 31 December 2020, the effects of “**non-recurring events**” and “special items” on the adjusted results are set out below.

The special items are as follows:

31 March 2021:

- the impact of imputed charges on the convertible bond, valued at amortised cost, amounting to €1,156 thousand.

31 March 2020:

- Long Term Incentive Plan costs of €974 thousand related to the 2017-2019 Share Plan.

	(€ thousands)		
	31.3.2021 reported	Special items	31.3.2021 adjusted
Revenues	128,719		128,719
Expenses net of other income	(65,879)		(65,879)
Ebitda	62,840		62,840
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(21,901)		(21,901)
Operating profit/(loss)	40,939		40,939
Financial income/(expenses)	(9,418)	1,156	(8,262)
Investment income/(expenses)	(109)		(109)
Profit/(loss) before tax	31,412	1,156	32,568

(€ thousands)

	31.3.2020 reported	Special items	31.3.2020 adjusted
Revenues	121,034		121,034
Expenses net of other income	(48,518)	974	(47,544)
Ebitda	72,516	974	73,490
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(23,448)		(23,448)
Operating profit/(loss)	49,068	974	50,042
Financial income/(expenses)	(10,785)		(10,785)
Investment income/(expenses)	679		679
Profit/(loss) before tax	38,962	974	39,936

(€ thousands)

	31.3.2021 adjusted	31.3.2020 adjusted	Change
Revenues	128,719	121,034	7,685
Expenses net of other income	(65,879)	(47,544)	(18,335)
Ebitda	62,840	73,490	(10,650)
Amortisation and depreciation, charges to provisions, impairment (revaluations)	(21,901)	(23,448)	1,547
Operating profit/(loss)	40,939	50,042	(9,103)
Financial income/(expenses)	(8,262)	(10,785)	2,523
Investment income/(expenses)	(109)	679	(788)
Profit/(loss) before tax	32,568	39,936	(7,368)

(€ thousands)

	31.3.2021 reported	Prior year adjustments	Non- recurring events 2021	Special items 2021	31.3.2021 adjusted
Net financial position - liabilities/(assets)	699,673	23,190		(1,156)	721,707

(€ thousands)

	31.12.2020 reported	Non- recurring Events	31.12.2020 net of non- recurring events	Special items	31.12.2020 adjusted
Net financial position - liabilities/(assets)	705,529	22,622	728,151	568	728,719

Investments

During the first quarter of 2021 total investments amounted to € 13.7 million. Investments in tangible fixed assets amounted to €10.1 million, mainly relating to the construction of the Westmoreland County Solar Project (€5.8 million) in the USA, the construction of the Brattmyrliden in Sweden (€974 thousand) and Falck Renewables Vind wind farms in Norway (€1.8 million) and the Parc Eolien d'Illois in France (€344 thousand).

Investments in intangible assets amounted to €3.6 million and mainly relate to expenses for operating software and licences for €1.3 million and development costs for €2.3 million.

Installed production capacity

Installed capacity (MW), analysed by type of technology, is illustrated in the table below.

	(MW)		
Technology	31.3.2021	31.12.2020	31.3.2020
Wind	962.7	962.7	932.7
WtE	20.0	20.0	20.0
Biomass	15.0	15.0	15.0
Solar	161.1	161.1	128.6
Total	1,158.8	1,158.8	1,096.3

The installed capacity increased by 62.5 MW compared to 31 March 2020.

Events after the end of the quarter

On **19 April 2021**, the company was included in the S&P Global Clean Energy index, which includes 82 international companies that stand out for their strong commitment to ESG issues related to sustainability and sustainable development. This is a recognition of the commitment to the development of ESG issues in support of the company's core business.

On **20 April 2021**, Falck Renewables SpA finalised the acquisition of 100% of the share capital of Desafio Solar SLU, owner of an operating solar plant in Spain. The signing of the Share Purchase Agreement with Caicos Directorship SL, a company owned by Fund IV, managed by Everwood Capital SGEIC SA, was announced on 29 March 2021. The transaction involved the payment of a price of approximately €22 million, plus the assumption of the remaining project debt. The solar plant (49.88 MW), located in the municipality of Escatrón, in the region of Aragón, has been in operation since June 2020. Annual electricity production is estimated at around 88.7 GWh. The plant has a Power Purchase Agreement (PPA) covering about 70% of the energy produced.

On **26 April 2021**, Falck Renewables SpA announced the appointment of Simona Gambini to the role of Global Head of Communication & Stakeholder Engagement. Her responsibilities include managing internal and external communication, sustainability, institutional relations, investor relations, regulatory affairs, branding and stakeholder relations.

On **6 May 2021**, the Sicily Region's energy department issued Falck Renewables Sicilia Srl with Decree no. 497 relating to the Single Authorisation pursuant to Legislative Decree no. 387/03 for an agri-voltaic plant in Sicily in the municipality of Scicli (RG) with a capacity of 9.67 MW.

Management outlook

The Group's results in 2021 will benefit for approximately 7 months from the production of the Brattmyrliiden wind farm (74 MW, in Sweden, due to start full operation at the end of May 2021) and the Desafio Solar SLU solar plant (49.88 MW, in Spain) and for the full year from the production in the USA of the wind farm in Iowa (30 MW) and the four solar plants (total capacity 31.6 MW, three in New York state and one in Maryland) of Building Energy, 51% owned by Falck Renewables North America.

The development of new renewable capacity will be pushed further by increasing spending and investment to enhance the project pipeline.

A number of investment dossiers are currently being evaluated in the geographical areas of interest included in the Industrial Plan.

The Company is closely monitoring the effects of the situation arising from the "Coronavirus (or Covid-19) crisis" and will take steps, as far as possible, to mitigate any impact on the Group's economic and financial indicators relating to the 2021 results.

Moreover, the Group is monitoring changes in interest rates, in costs related to photovoltaic systems supplies, and in corporate tax rates in the countries where it operates.

The possible approval of the proposal, presented by the UK government, to increase the corporate tax rate in the UK from 19% to 25% from 2023 onwards, would result in a one-off effect of approximately €5.3 million on the Group's net result for 2021. This effect would derive from the net increase in deferred tax liabilities and would be considered a special item, as occurred in 2020 following the failure to reduce the income tax rate in the UK to 17% (previously approved and subsequently repealed).

Thanks to the Group's excellent positioning, expertise, and economic and financial resources, resulting from the recent issue of the Green convertible bond for €200 million and committed credit lines for €325 million, we are convinced to have all the internal capacities needed to meet future challenges.

2021 guidance confirmed:

- Ebitda in the range €192-202 million;
- Group Net Earnings in the range 16-17% of Ebitda;
- Net financial position of approximately €800 million with a tolerance of +/- 5%;
- Installed capacity or capacity under construction expected to be in the range between 1,400 and 1,450 MW at year-end.

The guidance references provided do not include any non-ordinary or impairment effects. Upon the occurrence of non-recurring events and/or special items, the guidance will be compared to the annual data adjusted.

The guidance references provided represent the best estimate based on the data available to the company. The final numbers may differ from the estimate and will be affected by actual market conditions in terms of prices, volumes and other elements characteristic of the business for the part of the year.

The Manager assigned to the preparation of corporate accounting documents, Paolo Rundeddu, declares, pursuant to paragraph 2, article 154 bis, of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

The Interim Report as at 31 March 2021 is available in accordance with the law at the company's registered office in Corso Venezia 16, Milan, at Borsa Italiana SpA and in the Investor Relations section of the website www.falckrenewables.com.

On 12 May 2021 at 6pm, there will be a conference call reserved for analysts, investors and banks to present the quarterly financial report. Connection details are available at www.falckrenewables.com, in the news section. The supporting material will be made available on the website, in the Investor Relations section, at the start of the conference call.

Falck Renewables SpA, listed on the STAR segment of the Italian Stock Exchange, and included in the FTSE Italia Mid Cap Index, develops, designs, builds and operates plants for the production of energy from renewable sources with an installed capacity of 1,246 MW (1,209 MW according to IFRS 11 reclassification) in the UK, Italy, USA, Spain, France, Norway and Sweden, generated from wind, solar, WtE and biomass sources. The Group is an international player in renewable energy technical consultancy and third party asset management, through its subsidiary Vector Renewables, which provides services to clients with a total installed capacity of around 3,500 MW, thanks to experience gained in more than 40 countries. Falck Renewables also provides highly specialised energy management and downstream services to both energy producers and consumers.

Visit www.falckrenewables.com and connect with us on LinkedIn and Twitter (@falckrenewables).

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Interim financial statements at 31 March 2021 - Income statement

	(€ thousands)		
	31.3.2021	31.3.2020	31.12.2020
Revenues	128,719	121,034	384,359
Direct costs	(69,803)	(54,590)	(211,476)
Personnel costs	(12,887)	(11,554)	(46,123)
Other income	2,492	5,118	17,473
Administrative expenses	(7,402)	(11,023)	(32,984)
Net margin from trading activities	(180)	83	31
Operating profit/(loss)	40,939	49,068	111,280
Financial income/(expenses)	(9,418)	(10,785)	(33,197)
Investment income/(expenses)		(31)	10
Share of profit of investments accounted for using the equity method	(109)	710	(2,506)
Profit/(loss) before tax	31,412	38,962	75,587
Income tax expense			(15,762)
Profit/(loss) for the year			59,825
Profit attributable to non-controlling interests			14,219
Profit/(loss) attributable to owners of the parent			45,606
Ebitda (1)	62,840	72,516	197,240

(1) Ebitda = is defined by the Group as profit for the period before investment income and expenses, financial income and expenses, depreciation, amortisation, impairment losses, provisions for risks and income taxes.

Interim financial statements at 31 March 2021 - Net financial position

	(€ thousands)		
	31.3.2021	31.12.2020	31.3.2020
Financial payables to third parties	(114,761)	(109,943)	(109,457)
Financial payables for operating leases	(5,883)	(5,085)	(4,976)
Financial receivables from third parties	4,875	4,573	13,195
Financial receivables from associates and joint ventures	2,055	1,439	
Cash and cash equivalents	274,307	239,230	225,610
Current net financial position	160,593	130,214	124,372
Financial payables to third parties	(603,544)	(581,640)	(707,371)
Financial payables for operating leases	(88,241)	(85,571)	(75,550)
Convertible bonds (Green Bond)	(177,585)	(176,429)	
Non-current net financial position	(869,370)	(843,640)	(782,921)
Net financial position pursuant to CONSOB circular DEM/6064293/2006	(708,777)	(713,426)	(658,549)
Non-current financial receivables from third parties	9,104	7,897	8,936
Total net financial position	(699,673)	(705,529)	(649,613)
- of which "non-recourse" project financing	(622,640)	(606,532)	(656,382)
- of which fair value of derivatives	(44,976)	(46,150)	(42,042)
- of which financial liabilities for operating leases	(94,124)	(90,656)	(80,526)
Net financial position net of fair value of derivatives	(654,697)	(659,379)	(607,571)
Net financial position excluding operating leases	(605,549)	(614,873)	(569,087)
Net financial debt excluding operating leases and derivatives	(560,573)	(568,723)	(527,045)