

## INFORMATION DOCUMENT



### Alternus Energy Group Plc

(A public company limited by shares incorporated under the laws of the Republic of Ireland)

#### Admission to trading of shares on Euronext Growth Oslo

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This information document (the "**Information Document**") has been prepared by Alternus Energy Group Plc (the "**Company**" or "**Alternus**" and, together with its consolidated subsidiaries, the "**Group**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's issued and outstanding share capital is EUR 261,822.76, divided into 26,182,276 shares, each with a par value of EUR 0.01 (the "**Shares**").

The Shares have been approved for admission to trading on the Euronext Growth and it is expected that the Shares will start trading on or about 30 June 2021 in the form of Depository Receipts (as defined below) under the ticker code "ALT". All of the issued Shares rank pari passu with one another and each Share carries one vote.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, multilateral trading facility (MTF) are not subject to the same rules as companies on a Regulated Market (a main market). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing on Euronext Growth may therefore be higher than investing in a company on a Regulated Market. **Investors should take this into account when making investment decisions.**

On Euronext Growth, the Shares will be traded in the form of depository receipts (Nw.: *depotbevis*) that represent the beneficial interests in the underlying Shares (the "**Depository Receipts**"). The Depository Receipts will be registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form under the name of a "share" and will be traded in NOK on Euronext Growth in the form of depository receipts as "shares in Alternus Energy Group Plc". Accordingly, all references to "Shares" in this Information Document shall in the context of the securities to be traded on Euronext Growth refer to the Depository Receipts. **Existing shareholders of the Company and new investors should note that only Shares that have been registered in the VPS in the form of Depository Receipts will be tradable on Euronext Growth. Please refer to Section 10.4 ("The Depository Receipts") for further information.**

**THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71.**

**THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE LISTING SPONSOR AND HAS BEEN SUBJECT TO AN APPROPRIATE REVIEW OF ITS COMPLETENESS, CONSISTENCY AND COMPREHENSIBILITY BY EURONEXT.**

**THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.**

**Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.**

Euronext Growth Advisor  
**Arctic Securities AS**



**The date of this Information Document is June 30 June, 2021**

## INFORMATION DOCUMENT

### IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

For definitions of terms used throughout this Information Document, please refer to Section 14 ("**Definitions and glossary of terms**").

The Company has engaged Arctic Securities AS as its advisor in connection with its Admission to Euronext Growth (the "**Euronext Advisor**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**"). Oslo Børs ASA has not approved or reviewed this Information Document or verified its content.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Advisor in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

### INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are

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permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

### ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company limited by shares and incorporated under the laws of Ireland. As a result, the rights of holders of the Shares will be governed by Irish law and the Company's constitution (the "**Constitution**"). The rights of shareholders under Irish law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

Although certain Group companies are incorporated in the United States, all of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company in the United States or to enforce judgments obtained in U.S. courts against the Company, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway or Ireland do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway or Ireland will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway or Ireland against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway or Ireland. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway or Ireland.

Similar restrictions may apply in other jurisdictions.

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## 1 RISK FACTORS

*Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.*

*If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.*

*The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risk are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.*

*The information in this Section 1 ("Risk factors") is as of the date of this Information Document.*

### 1.1 Risks relating to unsuccessful completion of transactions

The Group is currently negotiating several transactions to acquire solar parks in Poland, Germany, Italy, Greece, Spain, Romania and elsewhere across Europe, all as further described in the Presentation (jointly, the "**Transactions**"). There can be no assurances that the Transactions will complete. Further, one or more of the Transactions may complete, whereas others may not. Investors thus risk that an investment in the Company is made without the Group becoming the owner of some or all of the assets comprised by the Transactions. In such a case, the descriptions of the Group's business and expected revenues, cash flows and profits may not be correct. The Board of Directors of the Company believes that the Transactions are in the best interests of the Group and that the Transactions will provide the Group with an opportunity to profitably expand its operations.

If some or all of the Transactions do not complete there can be no assurance that the Group would be able to acquire interests at a later stage. In addition, the Group's continued operations will be less diversified. No claims may be made against the Company on the basis that some or all of the Transactions do not complete.

### 1.2 Risks related to the Group and the industry in which it operates

1.2.1 *The Company is a holding company that relies on distributions and other payments, advances and transfers of funds from its subsidiaries to meet its obligations*

The Company has no direct operations and derive all its cash flows from its subsidiaries. Because the Company conducts its operations through its subsidiaries, it depends on those entities for payments or distributions to meet its obligations. The deterioration of the earnings from, or other available assets of, its subsidiaries for any reason could limit or impair their ability to pay the Company.

1.2.2 *The reduction, modification or elimination of government subsidies and economic incentives may reduce the economic benefits of existing solar parks and the opportunities to develop or acquire suitable new solar parks*

Government subsidies and incentives have primarily been in the form of Feed-in Tariffs ("FIT") price support schemes, tax credits, net metering and other incentives to end users, distributors, system integrators and manufacturers of solar energy products. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns in a given country. Changes in policies

could lead to a significant reduction in or a discontinuation of the support for renewable energies in such country, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**1.2.3     *Decreases in the spot market price of electricity could harm the Group's revenue and reduce the competitiveness of solar parks in grid-parity markets***

The price of electricity from the Group's solar parks are fixed through power purchase agreements ("PPAs") or FiTs for 100% of its owned capacity. The FiTs are typically long-term arrangements and provide a pricing, and hence revenue "floor", whereas the PPAs that currently provide the additional revenue are typically renewed and may be terminated annually. In countries where the price of electricity is sufficiently high that solar parks can be profitably developed without the need for government price supports, solar parks may choose not to enter into PPAs and sell based on the spot market price of electricity. Revenue for the Group's solar parks in Italy and Romania will also fluctuate with the electricity spot market after the expiration of any PPA, unless renewed. The market price of electricity can be subject to significant fluctuations.

Decreases in the spot price of electricity in such countries would render PV energy less competitive compared to other forms of electricity. Thus, the spot market price of electricity may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

**1.2.4     *Risks related to power purchase agreements***

Payments by power purchasers pursuant to a PPA may provide the majority of a company's or a project's cash flows. There can be no assurance that any or all of the power purchasers will fulfil their obligations under their PPAs or that a power purchaser will not become bankrupt or that upon any such bankruptcy its obligations under its respective PPA will not be rejected by a bankruptcy trustee. There are also additional risks relating to PPAs, including the occurrence of events beyond the control of a power purchaser that may excuse it from its obligation to accept and pay for delivery of energy generated by the project company's plant. The failure of a power purchaser to fulfil its obligations under any PPA or the termination of any PPA may have a material adverse effect on the respective project or project company and therefore on the Group.

**1.2.5     *The seasonality of the Group's operations may affect its liquidity and will affect quarterly results***

The energy production industry is subject to seasonal variations as well as other significant events. For instance, the amount of electricity and revenues generated by the Group's solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Due to shorter daylight hours in winter months which results in less irradiation, the generation produced by these facilities will vary depending on the season.

The seasonality of the Group's energy production may create increased demands on liquidity during periods when cash generated from operating activities are lower and the Group may also require additional equity or debt financing to maintain its solvency, which may not be available when required or available on commercially favourable terms. Thus, there is a risk that the Group can struggle to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy productions and other significant events and seasonal variations may materially affect the Group's business, results of operations, cash flow and financial condition.

**1.2.6     *Risks related to acquisitions***

A significant part of the Group's business model is to acquire new renewable energy facilities and companies that own and operate renewable energy facilities. Acquisition of renewable energy facilities or of companies that own and operate renewable energy facilities is subject to substantial risk. While the Group performs due diligence on prospective acquisitions, it may not be able to discover all potential operational deficiencies in such renewable energy facilities. In addition, the Group's expectations for the operating performance of newly constructed renewable energy facilities as well as those under construction are based on assumptions and estimates made without the benefit of operating history.

If the Group consummates any future acquisitions, its capitalization and results of operations may change significantly, and shareholders will generally not have the opportunity to evaluate the economic, financial and other relevant information that the Group considers in determining the application of these funds and other resources. As a result, the consummation of acquisitions may have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Further, the Group may not be able to successfully integrate acquired businesses and, where desired, their product portfolios, and therefore the Group may not be able to realize the intended benefits of such acquisitions. The failure to integrate acquired businesses effectively may adversely impact the Group's business, results of operations or financial condition.

**1.2.7     *Failure to manage the Group's growing and changing business could have a material adverse effect on the business, prospects, financial condition and results of operations***

The Group intends to expand its business significantly within selected existing markets and in a number of new locations in the future. As the Group grows, it expects to encounter additional challenges to internal processes, external construction management, capital commitment process, project funding infrastructure, acquisition funding and financing capabilities. Existing operations, personnel, systems and internal control may not be adequate to support the Group's growth and expansion and may require the Group to make additional unanticipated investments in its infrastructure. To manage the future growth of operations, the Group will be required to improve its administrative, operational and financial systems, procedures and controls, and maintain, expand, train and manage its growing employee base. The Group will need to hire and train project development personnel to expand and manage its project development efforts. If the Group is unable to manage its growth effectively, it may not be able to take advantage of market opportunities, execute its business strategies successfully or respond to competitive pressures. As a result, its business, prospects, financial condition and results of operations could be materially and adversely affected.

**1.2.8     *The delay between making significant upfront investments in the Group's solar parks and receiving revenue could materially and adversely affect the Group's liquidity, business and results of operations***

There are generally multiple months between the initial significant upfront investments in developing permits to build solar parks which the Group expects to own and operate and when the Group begin to receive revenues from the sale of electricity generated by such solar parks after grid connection. Historically, the Group has relied on third party equity contribution, bridging and bank loans to pay for costs and expenses incurred during project development, especially to third parties for PV modules and balance-of-system components and EPC and operations and maintenance ("O&M") services. Such investments may be non-refundable. Solar parks typically generate revenue only after becoming commercially operational and once they are able to sell electricity to the power grid. Between the Group's initial investments in the development of solar parks (through its model of working with local developers) and their connection to the transmission grid, there may be adverse developments impacting such solar parks. The timing gap between the Group's upfront investments and actual generation of revenue, or any added delay due to unforeseen events, could put strains on the Group's liquidity and resources and materially and adversely affect the Group's profitability and results of operations.

**1.2.9     *Risks related to developing and maintaining renewable energy projects***

Development of solar power projects can take many months or years to complete and may be delayed for reasons beyond the Group's control. Development usually requires the Group to make some up-front payments for, among other things, land/rooftop use rights and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Furthermore, the Group may become constrained in its ability to simultaneously fund other investments in such projects.

Development, operation and maintenance of renewable energy projects and related infrastructure expose the Group to numerous risks, including construction, environmental, regulatory, permitting, commissioning, start-up, operating, economic, commercial, political and financial risks. This will involve risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; (iii) leasing; and (iv) suitable equipment supply, operating and off-take contracts. Moreover, renewable energy assets are subject to energy regulation and require governmental licenses and approval for their operation. The failure to obtain, maintain or comply with the licenses and approvals relating to the Group's assets and the resulting costs, fines and penalties, could materially and adversely affect the Group's ability to operate the assets. Renewable energy projects also require significant expenditure before the assets begin to generate income and often require long-term investment to enable projects to generate expected levels of income. Development of solar power projects also requires significant management attention to negotiate the terms of engagement and monitor the progress of the projects which may divert management's attention from other matters.

**1.2.10    *Solar project development is challenging and may ultimately not be successful and miscalculations in planning a project may negatively affect engineering, procurement and construction ("EPC") prices, all of***

*which could increase the Group's costs, delay or cancel a project, and have a material adverse effect on its business, financial condition, results of operations and profit margins*

The development of solar projects involves numerous risks and uncertainties and requires extensive research, planning and due diligence. The Group may be required to incur significant amounts of capital expenditure for land/rooftop use rights, interconnection rights, preliminary engineering, permits, legal and other expenses before it can determine whether a solar power project is economically, technologically or otherwise feasible. Success in developing a solar power project is contingent upon, among other things:

- securing investment or development rights;
- securing suitable project sites, necessary rights of way, satisfactory land/rooftop use or access rights in the appropriate locations with capacity on the transmission grid and related permits, including completing environmental assessments and implementing any required mitigation measures;
- rezoning land, as necessary, to support a solar power project;
- negotiating satisfactory EPC agreements;
- negotiating and receiving required permits and approvals for project development from government authorities on schedule;
- completing all required regulatory and administrative procedures needed to obtain permits and agreements;
- procuring rights to interconnect the solar power project to the electric grid or to transmit energy;
- paying interconnection and other deposits, some of which are non-refundable;
- signing grid connection and dispatch agreements, power purchase agreements, or PPAs, or other arrangements that are commercially acceptable, including adequate for providing financing;
- obtaining project financing, including debt financing and own equity contribution;
- negotiating favorable payment terms with suppliers; and
- completing construction on schedule in a satisfactory manner.

Successful completion of a particular solar project may be adversely affected by numerous factors, including without limitation:

- unanticipated changes in project plans or defective or late execution;
- difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- potential challenges from local residents, environmental organizations, and others who may not support the project;
- uncertainty in the timing of grid connection;
- the inability to procure adequate financing with acceptable terms;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;
- labor, equipment and materials supply delays, shortages or disruptions, or work stoppages;

- adverse weather, environmental and geological conditions, force majeure and other events outside of the Group's control; and
- cost overruns, due to any one or more of the foregoing factors.

Accordingly, some of the solar power projects in the Group's pipeline may not be completed or even proceed to construction. If a number of solar power projects are not completed, the Group's business, financial condition and results of operations could be materially and adversely affected.

***1.2.11 Development activities may be subject to cost overruns or delays, which may materially and adversely affect the Group's financial results and results of operations***

Development of the Group's solar power projects may be adversely affected by circumstances outside of its control, including inclement weather, a failure to receive regulatory approvals on schedule or third-party delays in providing solar modules, inverters or other materials. Obtaining full permits for solar power projects is time consuming and the Group may not be able to meet the expected timetable for obtaining full permits for solar power projects in the pipeline. In addition, the Group usually rely on external contractors for the development and construction of solar power projects, and may not be able to negotiate satisfactory agreements with them. If contractors do not satisfy their obligations or do not perform work that meets the Group's quality standards or if there is a shortage of third-party contractors or if there are labor strikes that interfere with the ability of employees or contractors to complete their work on time or within budget, the Group could experience significant delays or cost overruns. Changes in project plans or designs, or defective or late execution may increase the Group's costs and cause delays. Increases in the prices of solar products and balance-of-system components may increase procurement costs. Labor shortages, work stoppages or labor disputes could significantly delay a project or otherwise increase costs. In addition, delays in obtaining, the Group's inability to obtain, or a lack of proper construction permits or post-construction approvals could delay or prevent the construction of solar power projects, commencing operation and connecting to the relevant grid.

The Group may not be able to recover any of these losses in connection with construction cost overruns or delays. In addition, in certain cases of delay, the Group might not be able to obtain any FIT or PPA at all, as certain FITS or PPAs require that it connects to the transmission grid by a certain date. A reduction or forfeiture of FIT or PPA payments would materially and adversely affect the financial results and results of operations for that solar power project.

***1.2.12 Risks relating to PV plants quality or PV plants performance***

Insufficient quality of installed solar modules and other equipment resulting in faster than estimated degradation, may lead to lower revenues and higher maintenance costs, particularly if the product guarantees have expired or the supplier is unable or unwilling to respect its obligations. Even well maintained high quality PV solar power plants may from time to time experience technical breakdown. Furthermore, widespread PV plant failures may damage the Company's market reputation, reduce its market share and cause a decline of construction projects. Although a defect in the Company's PV plants may be caused by defects in products delivered by the Company's sub-suppliers which are incorporated into the Company's PV plants, there can be no assurance that the Company will be entitled to or successful in claiming reimbursement, repair, replacement or damages from its sub-suppliers relating to such defects.

***1.2.13 The Group's limited operating history may not serve as an adequate basis to judge its future prospects and results of operations***

The Group began its business in 2014 and therefore have a limited operating history. After its initial two parks totalling 6 MW were constructed in Romania in 2014, the Group began to acquire existing operational solar parks in Italy. As of December 31, 2020 the Group had a total of 50 MWp of solar parks in ownership with 26 MWp in operation giving a carrying value of USD 44.1 million.

The Group intends to further expand its business operations in Europe and over time, to also establish operations outside of Europe and enter other select geographies where high solar radiation accessibility, regulatory environments, power pricing, land availability, sufficient and cost effect financing access and overall power market trends support the high return on capital employed (ROCE) targets that the Group achieves today. The Group's rapidly evolving business and, in particular, its relatively limited operating history may not be an adequate basis for

evaluating its business prospects and financial performance, and makes it difficult to predict the future results of operations.

**1.2.14 *The holding companies in the Group have a significant number of foreign subsidiaries with whom they have entered into many related party transactions. The relationship of such holding companies with these entities could adversely affect the Group in the event of their bankruptcy or similar insolvency proceeding***

Holding companies in the Group have historically entered into many transactions with their affiliates. These transactions include financial guarantees and other credit support arrangements, including letters of comfort to such affiliates pursuant to which the holding companies undertake to provide financial support to these affiliates and adequate resources as required to ensure that they are able to meet certain liabilities and local solvency requirements. These holding companies are currently party to many such affiliate transactions, and it is likely they will enter into new and similar affiliate transactions in the future.

In the event that any of these affiliates become bankrupt or insolvent, there can be no assurance that a court or other foreign tribunal, liquidator, monitor, trustee or similar party would not seek to enforce these intercompany arrangements and guarantees or otherwise seek relief against the holding companies and their other affiliates. If any of the Issuer's material foreign subsidiaries (e.g. subsidiaries that hold a significant number of customer contracts, or that are the parent company of other material subsidiaries) become subject to a bankruptcy, liquidation or similar insolvency proceeding, such proceeding could have a material adverse effect on the business and results of operations of the Group.

**1.2.15 *The Group's business as an independent power producer ("IPP") requires significant financial resources and the growth prospects and future profitability of the Group depends to a significant extent on the availability of additional funding options with acceptable terms. If the Group does not successfully execute its financing plan, it may have to sell certain of its solar parks***

The Group's principal resources of liquidity to date have been cash from its operations and borrowings from banks and its shareholders. The Group leverages bank facilities in certain countries in order to meet working capital requirements for construction activities. The Groups' principal use of cash has been for pipeline development, working capital and general corporate purposes.

The Group also requires a significant amount of cash to fund the acquisition, installation and construction of its projects and other aspects of its operations. The Group may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions it may decide to pursue in order to remain competitive. Historically, the Group has used bank loans, bridging loans and third-party equity contribution to fund its project acquisition and development. The Group expects to seek to expand its business with third-party financing options, including bank loans, equity partners, financial leases and securitization. However, it cannot be guaranteed that the Group will be successful in locating additional suitable sources of financing in the time periods required or at all, or on terms or at costs that it finds attractive or acceptable, which may render it impossible for the Group to fully execute its growth plan.

Any debt financing may require restrictive covenants and additional funds may not be available on terms commercially acceptable to the Group. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact the Group's ability to achieve its intended business objectives.

The Group cannot assure that it will successfully execute its financing plan. If it does not successfully execute this plan, it may not be able to continue as a going concern. Such failure could materially and adversely affect the Group's financial condition, results of operations and business prospects.

**1.2.16 *Risk related to competition***

The renewable energy industry is highly competitive and the Group faces significant competition in the markets in which it operates. Some of its competitors may have advantages over it in terms of greater operational, financial, technical, management or other resources in particular markets or in general. The Group's competitors may also enter into strategic alliances or form affiliates with other competitors to the Group's detriment. Suppliers or contractors may merge with the Group's competitors which may limit the Group's choices of contractors and hence the flexibility of its overall project execution capabilities. Increased competition may result in price reductions, reduced profit margins and loss of market share.

Moreover, the Group's current business strategy is to become a global IPP and to own and operate all of the solar parks which the Group develops and acquires. As part of the Group's growth plan, it may, in the future, acquire solar parks in various development stages through a competitive bidding process as part of the auction schemes in the various jurisdictions it plans to grow and establish itself in as well as the current countries the Group operates in. The bidding and selection process is affected by a number of factors, including factors which may be beyond the Group's control, such as market conditions or government incentive programs. The Group's competitors may have greater financial resources, a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Any increase in competition during such bidding processes or reduction in the Group's competitive capabilities could have a significant adverse impact on the Group's market share and on the margins it generates from its solar parks.

Further, large, utility-scale solar parks must be interconnected to the power grid in order to deliver electricity, which requires the Group, through its local partnerships, to find suitable sites with capacity on the power grid available. The Group's competitors may impede the Group's development efforts by acquiring control of all or a portion of a PV site the Group seek to develop. Even when the Group has identified a desirable site for solar park, its ability to obtain site control with respect to the site is subject to its ability to finance the transaction and growing competition from other solar power producers that may have better access to local government support, financing or other resources. If the Group is unable to find or obtain site control for suitable PV sites on commercially acceptable terms, its ability to develop new solar parks on a timely basis or at all might be harmed, which could have a material adverse effect on the Group's business, financial condition and results of operations.

#### *1.2.17 Risk related to personnel*

The success of the Group depends to a significant degree on the services rendered to it by its key employees. Due to the level of technical expertise necessary to support the Group's business strategy, the success of the Group will depend upon its ability to attract and retain highly skilled and seasoned professionals in the solar industry for which competition is intense. In particular, the Group is heavily dependent on the continued services of Mr. Vincent Browne, Chief Executive Officer and Chairman of the Board. The loss of any key employee, including executive officers or members of senior management teams, and the failure to attract, train and retain highly skilled personnel with sufficient experience in the industry to replace them, could harm the Group's prospects, business, financial condition, and the results of operations will be materially affected. In addition, the Group does not maintain any "key-man" insurance policies on Mr. Vincent Browne or any other employees.

#### *1.2.18 If sufficient demand for solar parks does not develop or takes longer to develop than anticipated, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected*

The PV market is at a relatively early stage of development in some of the markets that the Group intends to enter. The PV industry continues to experience lower costs, improved efficiency and higher electricity output. However, trends in the PV industry are based only on limited data and may not be reliable. Many factors may affect the demand for solar parks including, among other, cost and availability of financing for solar parks, fluctuations in economic and market conditions, competition from non-solar energy sources, environmental concerns, public perception and regulations and policies governing the electric power industry and the broader energy industry.

If market demand for solar parks fails to develop sufficiently, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

#### *1.2.19 The Group is subject to risks associated with fluctuations in the prices of PV modules and balance-of-system components or in the costs of design, construction and labour*

The Group procures supplies for solar park construction, such as PV modules and balance-of-system components, from third-party suppliers. The Group typically enters into contracts with its suppliers and contractors on a project-by-project basis or a project portfolio basis. The Group generally does not maintain long-term contracts with its suppliers. Therefore the Group is exposed to fluctuations in prices for its PV modules and balance-of-system components. Increases in the prices of PV products or balance-of-system components or fluctuations in design, construction, labor and installation costs may increase the cost of procuring equipment and engaging contractors and hence materially and adversely affect the Group's results of operations.

**1.2.20 *The Group may be subject to unforeseen costs, liabilities or obligations when operating and maintaining (O&M) solar parks***

The Group has a contract with a third party O&M company to carry out the O&M of the Group's solar parks. They may subcontract certain on-the-ground O&M services, including security and repair, to third-parties, who may not perform their services adequately. If the Group's third-party contractors fail to properly operate and maintain the solar parks, the solar parks may experience decreased performance, reduced useful life or shut downs. Through changes in the Group's own operation or in local conditions, the costs of operating the project may increase, including costs related to labor, equipment, insurance and taxes. If the contractors are careless or negligent, resulting in damage to third parties, the Group may become liable for the consequences of any resulting damage. The Group may also experience equipment malfunction or failure, leading to unexpected maintenance needs, unplanned outages or other operational issues. In addition, inconsistencies in the quality of solar panels, PV modules, balance-of-system components or maintenance services for the Group's solar parks may affect the system efficiency of the solar parks. The Group may also encounter difficulties selling electricity to the power grid due to failures in infrastructure or transmission systems. To the extent that any of the foregoing affect the Group's ability to sell electricity to the power grid, or the Group incurs increased costs in relation to operating and maintaining solar parks, the Group's business, financial condition and results of operation could be materially and adversely affected.

**1.2.21 *Refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output***

The Group's facilities may require periodic upgrading and improvement. Any unexpected operational or mechanical failure, such as the failure of a single inverter, or other failures associated with breakdowns and forced outages generally, and any decreased operational or management performance, could reduce its facilities' generating capacity below expected levels, reducing the Group's revenues. Unanticipated capital expenditures associated with upgrading or repairing the Group's facilities may also reduce profitability.

The Group may also choose to refurbish or upgrade its facilities based on its assessment that such activity will provide adequate financial returns and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future power prices. This could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

Moreover, spare parts for solar facilities and key pieces of equipment may be hard to acquire or unavailable to the Group. Sources of some significant spare parts and other equipment are located outside of the jurisdictions in which the Group operates. Suppliers of some spare parts have filed, or may in the future file for, bankruptcy protection, potentially reducing the availability of parts that the Group requires to operate certain of its power generation facilities. Other suppliers may for other reasons cease to manufacture parts that the Group requires to operate certain of its power generation facilities. If the Group was to experience a shortage of or inability to acquire critical spare parts, it could incur significant delays in returning facilities to full operation, which could negatively impact its business financial condition, results of operations and cash flows.

**1.2.22 *The Group's project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments***

The Group may operate in areas that are under the threat of floods, earthquakes, landslides, mudslides, sandstorms, drought, or other inclement weather and climate conditions or natural disasters. If inclement weather or climatic conditions or natural disasters occur in areas where the Group's solar parks and project teams are located, project development, connectivity to the power grid and the provision of O&M services may be adversely affected. In particular, materials may not be delivered as scheduled and labor may not be available. As some of the Group's solar parks are located in the same region, such solar parks may be simultaneously affected by weather and climate conditions, natural disasters and adverse work environments.

Moreover, natural disasters which are beyond the Group's control may adversely affect the economy, infrastructure and communities in the countries and regions where it conducts its business operations. Such conditions may have an adverse effect on the Group's work performance, progress and efficiency or even result in personal injuries or fatalities.

**1.2.23 *Business interruptions, whether due to catastrophic disasters or other events, could adversely affect the Group's operations, financial condition and cash flows***

The Group's operations and those of its contract manufacturers and outsourced service providers are vulnerable to interruption by fire, earthquake, hurricane, flood or other natural disaster, power loss, computer viruses, computer systems failure, telecommunications failure, quarantines, national catastrophe, terrorist activities, war and other events beyond the Group's control. For instance, some of the Group's solar parks are located in Italy, near to medium risk areas regarding seismic activity and may be vulnerable to damage from earthquakes. If any disaster were to occur, the Group's ability and the ability of its contract manufacturers and outsourced service providers to operate could be seriously impaired and the Group could experience material harm to its business, operating results and financial condition. In addition, the coverage or limits of its business interruption insurance may not be sufficient to compensate for any losses or damages that may occur.

Any such terrorist acts, environmental repercussions or disruptions, natural disasters, theft incidents or other catastrophic events could result in a significant decrease in revenues or significant reconstruction, remediation or replacement costs, beyond what could be recovered through insurance policies, which could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

**1.2.24 *The Group's business, results of operations, financial condition and cash flows has been and may continue to be materially and adversely affected by the outbreak of the novel respiratory illness coronavirus ("COVID-19")***

The outbreak of the coronavirus (COVID-19) may have material adverse effects on the Group. The coronavirus may affect the overall performance of the Group, including the Group's ability to develop its services and implement its business plan, and may result in delays, additional costs and liabilities, which in turn could have a material adverse effect on the Group's results, financial condition, cash flows and prospects.

The Group cannot predict how long the COVID-19 pandemic will last, whether it will worsen or whether there will be further outbreaks in the future in any of the markets where it operates. The full extent to which the COVID-19 pandemic will negatively affect results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the duration of the various shelter-in-place orders and reopening plans, the speed and effectiveness of vaccines and treatment developments and deployment in the countries where the Group operates, potential mutations of COVID-19, and actions taken, or that may be taken in the future, by governmental authorities and other third parties in response to the pandemic.

In general, the Group's business could be adversely affected by the effects of epidemics, including, but not limited to, COVID-19, avian influenza, severe acute respiratory syndrome (SARS), the influenza A virus, Ebola virus, severe weather conditions such as a snowstorm, flood or hazardous air pollution, or other outbreaks. In response to an epidemic or other outbreaks, government and other organizations may adopt regulations and policies that could lead to severe disruption to the Group's daily operations. These severe conditions may cause the Group and/or its partners to make internal adjustments, including but not limited to, temporarily closing down businesses, suspending project construction, limiting business hours, and setting restrictions on travel for a prolonged period of time. The effects of a severe condition may cause business disruption, resulting in material, adverse impact to our financial condition and results of operations.

**1.3      Legal and regulatory risk**

**1.3.1      *Litigation risk***

The Group may, in the ordinary course of business, become involved in such proceedings which may be expensive, lengthy, disruptive to normal business operations and require significant attention from the Group's management bodies. Charges and write-downs associated with such legal proceedings could have a material adverse effect on the Group's financial condition, results of operations and cash flows. Moreover, legal proceedings, particularly those resulting in judgments or findings against the Group, may harm its reputation and competitiveness in the market.

If the Company were found to be liable on any of the claims against it in the future, it would incur a charge against earnings to the extent a reserve had not been established for coverage. If amounts ultimately realized from the claims were materially lower than the balances included in the Group's financial statements, it would incur a charge against earnings to the extent profit had already been accrued. Charges and write-downs associated with such legal

proceedings could have a material adverse effect on the Group's financial condition, results of operations and cash flow. Moreover, legal proceedings, particularly those resulting in judgments or findings against the Group, may harm its reputation and competitiveness in the market.

#### **1.3.2 Risk related to legal rights to real property**

The Group's energy facilities may be located on land which may be subject to governmental seizure or expropriation. For example, properties relating to the Group's operations in Scornicesti, Romania, are subject to an ongoing expropriation procedure due to the construction of a new express motorway. The authorities have offered a compensation of approximately euro 1.6 million should the authorities decide to proceed. It is, however, not possible to state with any certainty if or when the expropriation will proceed and have any effect on the Group's operations. Further, it is not possible to confirm whether the offered compensation at the time when any expropriation takes effect will represent a fair compensation in the views of the Group. In general, similar proceedings may affect other operations of the Group, in which case operations may have to terminate without sufficient compensation being paid to the Group.

In addition to expropriation risk, renewable energy facilities are generally located on land occupied by the facility pursuant to long-term easements and leases. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil or mineral rights) that were created prior to the facility's easements and leases. As a result, the facility's rights under these easements or leases may be subject, and subordinate, to the rights of those third parties, or even to the government. The Group performs title searches and obtains title insurance to protect itself against these risks. Such measures may, however, be inadequate to protect the Group against all risk of loss of the Group's rights to use the land on which the renewable energy facilities are located, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group is subject to the risk of potential disputes with property owners or third parties who otherwise have rights to or interests in the properties used for the Group's solar parks. Such disputes, whether resolved in the Group's favor or not, may divert management's attention, harm the Group's reputation or otherwise disrupt its business. An adverse decision from a court or the absence of an agreement with such third-parties may result in additional costs and delays in, or the permanent termination of, the construction and operating phases of any solar park so situated.

#### **1.3.3 The Group is subject to counterparty risks under our FiT price support schemes and Green Certificates ("GC") Schemes**

As an IPP, the Group generate electricity income primarily pursuant to FiT price support schemes or GCs, which subjects the Group to counterparty risks with respect to regulatory regimes. Its FiT price support schemes in one region or country are generally signed with a limited number of electric utilities. The Group relies on these electric utilities to fulfil their responsibilities for the full and timely payment of its tariffs. In addition, the relevant regulatory authorities may retroactively alter their FiT price support regimes or GC schemes in light of changing economic circumstances, changing industry conditions or for any number of other reasons. If the relevant government authorities or the local power grid companies do not perform their obligations under the FiT or GC price support schemes and the Group is unable to enforce its contractual rights, the Group's results of operations and financial condition may be materially and adversely affected.

#### **1.3.4 The Group may fail to comply with laws and regulations in the countries where it develops, constructs and operates solar power projects and government approval process may change from time to time, which could severely disrupt our business operations.**

The development and operation of solar power projects are highly regulated activities. The Group conducts its business in many countries and jurisdictions and are governed by different laws and regulations, including national and local regulations relating to building codes, taxes, safety, environmental protection, utility interconnection and metering and other matters. The Group also set up subsidiaries in these countries and jurisdictions which are required to comply with various local laws and regulations. While the Group strives to work with its local counsel and other advisers to comply with the laws and regulations of each jurisdiction in which it has operations, there may be instances of non-compliance, which may result in fines, sanctions and other penalties against the non-complying subsidiaries and its directors and officers. For example, the Group's Romanian subsidiary, LjG Green Source Energy Beta S.r.l. has an ongoing ANRE investigation resulting from actions of the previous owner related to the breach of Article 5 of the EU Regulation No. 1227/2011 on wholesale energy market integrity and transparency ("REMIT") by

engaging in market manipulation or attempted market manipulation on the wholesale energy markets following transactions concluded between 1 January 2019 to 31 March 2020. This investigation could result in penalties or fines. Based on applicable regulations, the likely penalties would be in the amount ranging from RON 20,000 (approx. EUR 4,060) to RON 400,000 (approx. EUR 81,260) for breaches of Article 5 of the REMIT. Apart from this specific penalty, the Company note that considering that multiple agreements were concluded in breach of such regulations there is a significant risk for ANRE to apply the fine for repeated breaches which amounts to 1% to 5% of the annual turnover of the company in the year before the sanction is applied. Also, considering that the investigation is ongoing and no partial report has been received from the regulatory authority, the Company cannot confirm that the results of the investigation shall remain within these limits. In accordance with the Romanian legislation, ANRE can suspend the license for the commercial exploitation of the park for breaches by the license holder of its obligation under the primary and secondary legislation or the license itself. The Group has held back EUR 950,000 from the consideration paid to the seller for this contingency. If the penalties are greater than this amount, the Group will attempt to collect this from the seller within the general terms agreed for limitation of liability, but there is no guarantee that it would be successful in doing so. While the Group does not believe it has any other instances of non-compliance with the energy sector regulations, singularly or in the aggregate, that will have a material adverse effect on its business, financial condition or results of operation, it cannot assure that instances of non-compliance will not occur in the future which may materially and adversely affect its business, financial condition or results of operation.

In order to develop solar power projects, the Group must obtain a variety of approvals, permits and licenses from various authorities. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. Moreover, sovereign states retain the power to adjust their energy policies and alter approval procedures applicable to the Group. If the regulatory requirements become more stringent or the approval process becomes less efficient, the key steps in the Group's business operations including project development, facility upgrading and product sales, could be severely disrupted or delayed. Failure to obtain the required approvals, permits or licenses or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Any new government regulations pertaining to the Group's business or solar power projects may result in significant additional expenses. The Group cannot assure that it will be able to promptly and adequately respond to changes of laws and regulations in various jurisdictions, or that its employees and contractors will act in accordance with such laws. Failure to comply with laws and regulations where the Group develops, constructs and operates solar power projects may materially and adversely affect our business, results of operations and financial condition.

#### *1.3.5 The Group has limited business insurance coverage internationally*

Insurance companies in many countries offer only limited business insurance options. As a result, the Group has not maintained, and generally do not maintain, full liability, hazard or other insurance covering its services, business, operations, errors, acts or omissions, personnel or properties. To the extent that the Group is unable to recover from others for any uninsured losses, such losses could result in a loss of capital and significant harm to its business. If any action, suit, or proceeding is brought against the Group and the Group is unable to pay a judgment rendered against it or defend itself against such action, suit, or proceeding, the Group's business, financial condition and operations could be negatively affected.

#### *1.3.6 The Group conducts its business operations globally and is subject to global and local risks related to economic, regulatory, tax, social and political uncertainties*

The Group conducts its business operations in a number of regions. The Group's business is therefore subject to diverse and constantly changing economic, regulatory, tax, social and political conditions.

Changes in the legislative, political, governmental and economic framework in the regions in which the Group carries on business could have a material impact on its business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a materially adverse effect on the Group's revenues, profitability, cash flows and financial condition.

Any new government regulations pertaining to the Group's business or solar parks may result in significant additional expenses. Moreover, as the Group enters new markets in different jurisdictions, it will face different regulatory regimes, business practices, governmental requirements and industry conditions.

To the extent that the Group's business operations are affected by unexpected and adverse economic, regulatory, social or political conditions in the jurisdictions in which the Group has operations, it may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect its business, financial condition and results of operations.

Geopolitical trends toward protectionism and nationalism and the dissolution or weakening of international trade pacts may increase the cost of, or otherwise interfere with, the Group's conduct of business. Uncertainty about current and future economic and political conditions that affect the Group, its customers and partners makes it difficult for the Group to forecast operating results and to make decisions about future investments.

**1.3.7     *The Group's international operations requires significant management resources and presents legal, compliance and execution risks in multiple jurisdictions***

The Group has adopted a business model under which it maintains significant operations and facilities through its subsidiaries located in Europe while its corporate management team and directors are primarily based in Ireland and the US. The nature of the Group's business may stretch its management resources as well as make it difficult for the Group's corporate management to effectively monitor local execution teams. The nature of the Group's operations and limited resources of its management may create risks and uncertainties when executing its strategy and conducting operations in multiple jurisdictions, which could affect the costs and results of operations of the Group.

**1.4        *Risk related to the Issuer's financial situation***

**1.4.1     *Fluctuations in foreign currency exchange rates may negatively affect the Group's revenue, cost of sales and gross margins and could result in exchange losses***

The Group's business and operational activities are dispersed and subsidiaries within the Group trade in their functional currencies in the course of their business operations. The Group's investment holding companies transact in functional currencies of their subsidiaries. The Group's investment holding companies may have foreign financing and investing activities, which exposes the Group to foreign currency risk. Any increased costs or reduced revenue as a result of foreign exchange rate fluctuations could adversely affect its profit margins.

Although the Group has access to a variety of financing solutions that are tailored to the geographic location of its projects and to local regulations, it has not entered into any hedging transactions to reduce the foreign exchange rate fluctuation risks, but may do so in the future when it is deemed appropriate to do so in light of the significance of such risks. However, if the Group decides to hedge its foreign exchange exposure in the future, it cannot be assured that the Group will be able to reduce its foreign currency risk exposure in an effective manner, at reasonable costs, or at all.

**1.4.2     *The Group's substantial indebtedness could adversely affect its business, financial condition and results of operations***

The Group believes that its substantial indebtedness will increase as an IPP. As of December 31, 2020, the Group had USD 26.0 million in outstanding short-term borrowings and USD 17.7 million in outstanding long-term bank borrowings. The Group is, and following the issuance of the Shares, will continue to be, highly leveraged. The degree to which the Group remains or becomes leveraged following the issuance of the Shares could have important consequences to holders of Shares offered hereby, including, but not limited to:

- making it more difficult for the Group to satisfy its obligations with respect to its other debt and liabilities;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the cash flow of the Group from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to obtain additional financing to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes, such as payments to suppliers for PV modules and balance-of-system components and to contractors for design, engineering, procurement and construction services;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which it operates; and

- placing the Group at a competitive disadvantage as compared to its competitors, to the extent that they are not as highly leveraged.

If the Group incurs new debt or other obligations, the related risks the Group now faces, as described in this risk factor and elsewhere in these "Risk factors", could intensify.

**1.4.3 *If the Group fails to comply with financial and other covenants under debt arrangements, its financial condition, results of operations and business prospects may be materially and adversely affected***

The Group has a number of covenants related to its Bond (as defined in Section 8.8) that e.g. requires the Group to maintain certain financial ratios.

These restrictions could affect the Group's ability to operate its business and may limit the ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect the Group's ability to finance its operations, make strategic acquisitions, investments or alliances, restructure its organization or finance its capital needs. Additionally, the Group's ability to comply with these covenants may be affected by events beyond its control. These include prevailing economic, financial and industry conditions. Failure to comply with financial and other covenants may potentially result in increased financial costs, requirement for additional security or cancellation of loans, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

Any default under debt arrangements could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, as applicable at any given time. If the creditors of the Group accelerate the payment of those amounts, investors cannot be assured that the Group's assets would be sufficient to repay in full those amounts, to satisfy all other liabilities which would be due and payable and to ensure that net assets will be available to the shareholders.

In addition, the Group typically pledges its solar park assets or account or trade receivables to raise debt financing, and it is restricted from creating additional security over its assets. If a company of the Group is in breach of one or more financial or other covenants or negative pledges clause under any of its loan agreements and are not able to obtain waivers from the lenders or prepay such loan, repayment of the indebtedness under the relevant loan agreement may be accelerated, which may in turn require the Group to repay the entire principal amount including interest accrued, if any, of certain of its other existing indebtedness prior to their maturity under cross-default provisions of other loan agreements. If the Group lacks sufficient financial resources to make required payments, the pledgees may auction or sell the assets or interest of the Group's solar parks to enforce their rights under the pledge contracts and loan agreements. Any of those events could have a material adverse effect on the Group's financial condition, results of operations and business prospects.

**1.5 **Risks relating to the Shares and the Admission****

**1.5.1 *An active trading market for the Company's shares may not develop and the price of the Shares may under any circumstance fluctuate significantly***

The Company intends to list the Shares on Euronext Growth Oslo, which is not a regulated market but a multilateral trading facility (a "MTF") owned and operated by the Oslo Stock Exchange. However, no assurances can be given as to the timing of such listing or whether the listing will ever take place, in which case there may be no formal trading market for the Shares. Even if the Shares were to be listed on Euronext Growth or any other MTF or a regulated market, a functional, active trading market may still not develop, in which case investors may find it challenging to exit the investment at acceptable prices or at all. Further, in such case, the pricing of the Shares may be arbitrary and subject to substantial movement in the short and medium term without no apparent underlying reason.

In case the Shares are traded on a MTF or a regulated market which does provide a functional and active trading platform, the trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control. Such factors include quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Shares.

#### *1.5.2 The Shares may not be a suitable investment for all investors*

Each potential investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the Company and its business; (ii) have access to and knowledge of the appropriate analytical tools to evaluate an investment in the Shares; (iii) have sufficient financial resources and liquidity to bear the risks associated with investment in the Shares; (iv) understand the behaviour of the relevant financial markets; and (v) be able to evaluate possible scenarios for economic interest rate and other factors that may affect its investment.

#### *1.5.3 Norwegian Depositary Receipts*

Holders of Depositary Receipts do not hold Shares directly. The Company will not treat a holder of a Depositary Receipt as one of its shareholders, and a holder of Depositary Receipts will, as a starting point, not be able to exercise shareholder rights, except through the VPS Registrar (as defined below) as permitted by the Registrar Agreement (as defined below).

The Company has entered into a registrar agreement (the "**Registrar Agreement**") with DNB Bank ASA, DNB Markets Registrars department (the "**VPS Registrar**") to facilitate registration of the Depositary Receipts in the VPS. In accordance with the Registrar Agreement, the VPS Registrar is registered as the legal owner of the Shares for which Depositary Receipts are issued. Under the Registrar Agreement, the VPS Registrar registers the beneficial interests in the Shares in book-entry form in the VPS. Accordingly, it is not the Shares issued in accordance with Irish law that are registered in the VPS and may be traded on Euronext Growth, but the beneficial interests in the underlying Shares (i.e. the Depositary Receipts).

In accordance with market practice in Norway and system requirements of the VPS, the beneficial interests in the relevant Shares will be registered in the VPS under the name of a "share". Although each "share" registered with the VPS will represent evidence of beneficial ownership of the Shares, such beneficial ownership will not necessarily be recognized by an Irish court. As such, investors may have no direct rights against the Company and may be required to obtain the cooperation of the VPS Registrar in order to assert claims against the Company. Also, investors investing in Depositary Receipts have to look solely to the VPS Registrar for the payment of any dividends, for exercise of voting rights attaching to the underlying Shares and for other rights arising in respect of the underlying Shares. Exercising such shareholder rights through the VPS Registrar is subject to certain terms and conditions. The Company cannot guarantee that the VPS Registrar will be able to execute its obligations under the Registrar Agreement, including that the beneficial owners of the Shares will receive the notice of a general meeting of the Company's shareholders (a "**General Meeting**") in time to instruct the VPS Registrar to either effect a re-registration of their Depositary Receipts or otherwise vote for their Shares in the manner desired by such beneficial owners. Any such failure may inter alia, limit the access for, delay or prevent, the beneficial shareholders being able to exercise the rights attaching to the underlying Shares.

The VPS Registrar may terminate the Registrar Agreement by not giving less than three months' prior written notice. Further, the VPS Registrar may terminate the Registrar Agreement if the Company does not perform its payment obligations to the VPS Registrar (and such non-payment has not been remedied by the Company within ten business days following receipt of notice regarding this from the VPS Registrar) or commit any other material breach of the Registrar Agreement. In the event the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted registration of the relevant Shares in the VPS and the Admission of the Shares on Euronext Growth. There can be no assurance, however, that it would be possible to enter into such new agreements on substantially the same terms or at all. A termination of the Registrar Agreement could therefore have a material and adverse effect on the Company and its shareholders.

The Registrar Agreement limits the VPS Registrar's liability for any loss suffered by the Company. The VPS Registrar disclaims any liability for any loss attributable to circumstances beyond the VPS Registrar's control, including, but not limited to, errors committed by others. The VPS Registrar is liable for direct losses incurred as a result of events

within the VPS. Thus, the Company may not be able to recover its entire loss if the VPS Registrar does not perform its obligations under the Registrar Agreement.

**1.5.4 Shareholders may face currency exchange risks or adverse tax consequences by investing in the Shares denominated in currencies other than their reference currency**

The Shares will be denominated and any dividend will be payable in euro, and the Shares may be listed in Norway on a regulated market or a multilateral trading facility where the trading price is quoted in NOK. If a Shareholder is a non-euro or non-NOK investor, an investment in the Shares will entail currency exchange related risks due to, among other factors, possible significant changes in the value of the euro and/or NOK to other relevant currencies because of economic, political or other factors over which the Company has no control. Depreciation of the euro against other relevant currencies could result in a loss to Shareholders when any payment from the Shares is translated into the currency by reference to which a Shareholder measures the return on its investments.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

There may be tax consequences for a Shareholder as a result of any foreign currency exchange gains or losses resulting from its investment in the Shares. A Shareholder should consult its tax advisor concerning the tax consequences to Shareholders of acquiring, holding and disposing of the Shares.

**1.5.5 Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Shares are legal investments for it, (ii) the Shares can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Shares. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Shares under any applicable risk-based capital or similar rules.

**1.5.6 Shareholders may risk being diluted**

The Company may in the future see the need of additional equity investment in relation to financing capital intensive projects, or related to unanticipated expenses or liabilities. This may lead to a future need of additional issuance of shares in the Company. The Company cannot guarantee that the current shareholders ownership will not be diluted. For reasons relating to U.S. securities laws, and the laws in certain other jurisdictions, or other factors, U.S. investors, and investors in such other jurisdictions, may not be able to participate in a new issuance of shares or other securities and may face dilution as a result.

**1.5.7 The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions**

None of the Shares have been registered under the US Securities Act of 1933 (as amended) (the "**US Securities Act**") or any US state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act and other applicable securities laws. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings.

**1.5.8 Future sales or the possibility of future sales of substantial numbers of Shares may affect the Shares' market price**

The Company cannot predict what effect, if any, future sales of the Shares, or the availability of Shares for future sales, will have on their market prices. Sales of substantial amounts of the Shares following the date hereof, or the perception that such sales could occur, may adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares in the future at a time and price that they deem appropriate.

**1.5.9 The Company may be unwilling or unable to pay any dividends or make distributions**

The future payment of dividends on Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Board of Directors may

consider appropriate in the circumstances. The Company may choose not, or may be unable, to pay dividends or make distributions in future years. The existing note payable contains restrictions which prevent the Company from declaring or paying dividends.

Furthermore, the amount of dividends paid by the Company, if any, for a given financial period, will depend on, among other things, the Company's future operating results, cash flows, financial condition and capital requirements, the ability of the Company's subsidiary to pay dividends to the Company, credit terms, general economic conditions, legal restrictions and other factors that the Company may deem to be significant from time to time.

*1.5.10 Irish law imposes certain restrictions on shares and shareholders*

The rights of shareholders of the Company are governed by Irish law and by the Company's Constitution. These rights may differ from the rights of shareholders in companies incorporated in other jurisdictions. In particular, Irish law limits the circumstances under which shareholders of Irish companies may bring derivative actions. The bringing of a derivative action is tightly controlled by the rules of the Irish courts and leave of the Irish court is required.

## **2            RESPONSIBILITY FOR THE INFORMATION DOCUMENT**

This Information Document has been prepared solely in connection with the Admission on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

**30 June 2021**

**The Board of Directors of Alternus Energy Group Plc**

Vincent Browne  
(Chairman)

John P. Thomas  
(Board Member)

John McQuillan  
(Board Member)

Rolf A. Wikborg  
(Board Member)

### **3 GENERAL INFORMATION**

#### **3.1 Other important investor information**

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Euronext Advisor assume no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Advisor, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

#### **3.2 Presentation of financial and other information**

##### **3.2.1 Financial information**

The Company is a former indirect subsidiary of the previous parent company of the Group, Alternus Energy Inc., but became the new parent company of the Group following completion of the Reorganization (as defined in Section 7.4.4) on 2 December 2020. Therefore, the financial statements presented herein are the audited consolidated financial statements of the Group prior to the Reorganization, for the year ending 31 December 2019 and after the Reorganization, for the year ending 31 December 2020 (the "**Financial Statements**"), attached hereto as Appendix B and C, and the presentation of, and any reference to, the Group's or the Company's historic financial information, or similar terms or references, shall be understood accordingly.

The Financial Statement have been prepared in accordance with United States Generally Accepted Accounting Principles ("**US GAAP**") and audited by Marcum, LLP ("**Marcum**").

In addition, the Group has prepared unaudited consolidated interim statements for the three months period ended 31 March 2021 (the "**Interim Accounts**") in accordance with International Financial Reporting Standards ("**IFRS**"), attached hereto as Appendix D. IFRS will be the Group's accounting standard going forward.

The Company presents the Financial Statements in USD. Going forward, the Group will present its consolidated financial statements in EUR, which is also the currency of the Interim Accounts. Reference is made to Section 8 ("Selected financial information and other information") for further information.

The date of publication of the Company's audited financial statements for the financial year ended 31 December 2021 has not been set, but is expected to be on or about 31 March 2022.

##### **3.2.2 Industry and market data**

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and

subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

### **3.3 Cautionary note regarding forward-looking statements**

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

#### **4           REASONS FOR THE ADMISSION**

As of the date of this Information Document, the Company has approximately 390 shareholders. The Company believes the Admission will:

- enhance the Group's profile with investors, business partners, suppliers and customers;
- allow for a trading platform and liquid market for the Shares;
- facilitate for a more diversified shareholder base and enable additional investors to take part in the Group's future growth and value creation;
- pursue M&A activities through access to equity capital markets and potentially the use of Shares as currency in M&A transactions; and
- further improve the ability of the Group to attract and retain key management and employees.

## **5 DIVIDENDS AND DIVIDEND POLICY**

### **5.1 Dividends policy**

The Company will strive to follow a dividend policy favourable to the shareholders. The amount of any dividend to be distributed will be dependent on, *inter alia*, the Company's investment requirements and rate of growth. As of the date of this Information Document, the Company is in a growth phase and is not in a position to pay any dividends. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends during the financial years 2019 or 2020.

### **5.2 Legal and contractual constraints on the distribution of dividends**

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Irish Companies Act no. 2014 (the "**Irish Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. The amount of dividends paid may not exceed the amount recommended by the Board of Directors and there is no automatic right to dividends under Irish law.

Dividends may be paid in cash or in some instances in kind. The Irish Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- The Constitution can set out the procedure for declaring dividends and if this is silent sections 124 and 125 of the Irish Companies Act apply.
- The directors must resolve to recommend a dividend to shareholders.
- Dividends paid cannot exceed the amount that the directors have recommended.

### **5.3 Manner of dividend payment to holders of Depository Receipts**

Any future payments of dividends on the Depository Receipts will be paid by the Company to the VPS Registrar and subsequently be denominated in the currency of the bank account of the relevant holder of the Depository Receipts and will be paid to the holders of Depository Receipts through the VPS Registrar. Holders of Depository Receipts who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the currency of the relevant holder of Depository Receipts will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the registered accounts of the holders of Depository Receipts, or in lieu of such registered account, at the time when the holder has provided the VPS Registrar with its bank account details, without the need for holders of the Depository Receipts to present documentation proving their ownership of the Depository Receipts. The right of holders of Depository Receipts to payment of dividend will lapse three years following the resolved payment date for those holders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

## **6 THE PRIVATE PLACEMENTS**

### **6.1 Details of the Private Placements**

#### *6.1.1 The January private Placement*

On 5 January 2021, the Company completed a private placement (the "**January Private Placement**"), consisting of a share capital increase for a total amount of NOK 281.3 million, by issuing 13,636,364 Shares, with a nominal value of EUR 0.01 each, at a subscription price of NOK 20.6 per Share.

The book-building period for the January Private Placement took place from 10 December 2020 to 16 December 2020, notifications of allocation was issued on 17 December 2020 and payment took place on 5 January 2021. Delivery of the new Shares in the Private Placement were made through the facilities of the VPS on 5 January 2021.

#### *6.1.2 The June Private Placement*

In addition, on 24 June 2021, the Company completed a private placement (the "**June Private Placement**" and together with the January Private Placement, the "**Private Placements**"), consisting of a share capital increase for a total amount of NOK 70 million, by issuing 2,500,000 Shares, with a nominal value of EUR 0.01 each, at a subscription price of NOK 28 per Share.

The book-building period for the June Private Placement took place from 23 June 2021 to 24 June 2021, notifications of allocation was issued on 25 June 2021 and payment took place on 30 June 2021. Delivery of the new Shares in the Private Placement were made through the facilities of the VPS on 30 June 2021.

### **6.2 Shareholdings following the June Private Placement**

Upon completion of the June Private Placement, the Company has the shareholders set out in Section 10.5 ("Ownership structure").

### **6.3 Use of proceeds**

The proceeds from the June Private Placement will primarily be used for:

- acquisition of additional solar projects; and
- working capital purposes

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the June Private Placement and the listing of the Shares on Euronext Growth, estimated to be approximately NOK 7 million.

### **6.4 Dilution**

For any existing shareholders not participating in the June Private Placement, the issue of new Shares implied a dilution of approximately 10.56%.

### **6.5 Lock-up**

#### *6.5.1 The Company*

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has undertaken that it will not, without the prior written consent of the Euronext Advisor, during the period up to and including the date falling 6 months from the date of the Admission (1) issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares, and (2) enter into any swap or other agreement that transfers to another, in whole or in part, the economic consequence of ownership of Shares, whether any such swap or transaction described in (1) or (2) above is to be settled by delivery of such securities, in cash or otherwise. The foregoing shall not apply to (i) acceptance (including pre-acceptance) of any bona fide offer for all the Shares, (ii) the sale and issue of Shares by the Company in the Private Placement or (ii) granting of options or other rights to Shares by the Company pursuant to any management or employee share incentive schemes.

#### **6.5.2      *Board Members and Management***

Pursuant to lock-up undertakings entered into in connection with the Private Placement, management and members of the Board of Directors have undertaken that they will not, without the prior written consent of the Euronext Advisor, during the period up to and including the date falling 12 months from the date of the Admission, sell, exchange or otherwise transfer, or enter any derivative trade or other transaction having substantially the same effect as a sale, exchange or transfer its Shares owned in the Company at that point in time.

#### **6.5.3      *Major Shareholders***

Pursuant to lock-up undertakings entered into in connection with the January Private Placement, certain of the Company's major shareholders have undertaken that they will not, without the prior written consent of the Euronext Advisor during the period up to and including the date falling 12 months from the closing of the January Private Placement, 5 January 2022, offer, sell, contract to sell, exchange or otherwise transfer, or enter any derivative trade or other transaction having substantially the same effect as a sale, exchange or transfer its Shares owned in the Company at that point in time.

## 7 BUSINESS OVERVIEW

This section provides an overview of the Company's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 ("Risk factors").

### 7.1 Introduction

Alternus Energy Group is a fast-growing pan-European vertically integrated independent power producer ("IPP"), headquartered in Ireland, with a focus on the midsized utility scale solar PV market. Alternus owns and operates a diverse portfolio of utility scale solar PV parks that connect directly to national power grids on long-term government contracts ("FIT") and/or Power Purchase Agreements ("PPAs") with investment grade off-takers. Having started in 2016 with two parks and 6 MWp capacity, the current portfolio consists of 23 owned and operational parks across Germany, Italy, the Netherlands and Romania, totalling 65.2 MWp of installed capacity. In addition, the Group also owns 8 assets under construction, of which 3.8 MWp (7) are located in Germany and 14 MWp (1) located in the Netherlands with, 261 MWp of assets under development in Italy and the Netherlands. Alternus works closely with both local and international specialist development partners that each provide a constant pipeline of new projects for acquisition and construction by Alternus. Alternus aims to own and operate over 3.5 GWs of solar parks by the end of 2025 and to become one of the largest pan-European IPPs by the end of the decade.

### 7.2 History and important events

The table below summarize the Group's key milestones from its incorporation and to the date of this Information Document:

Year	Event
2015 .....	<ul style="list-style-type: none"><li>• Vend-in of two Romania projects totaling 6 MWp</li><li>• Vincent Browne appointed CFO</li><li>• Completes construction of two Romania projects totalling 6 MWp</li><li>• Divests technology assets to concentrate on solar</li></ul>
2016 .....	<ul style="list-style-type: none"><li>• Shifts to acquisition strategy</li><li>• Expands to Italian Solar Market</li><li>• Establishes key advisor relationships</li><li>• Vincent Browne acquires controlling interest via MBO</li></ul>
2017 .....	<ul style="list-style-type: none"><li>• Acquires first two operational projects in Italy - 1.7 MWp</li><li>• Signs SPA for acquisition of additional 2.24 MWp in Italy</li><li>• Expands project origination network</li><li>• Vincent Browne becomes Chairman &amp; CEO</li></ul>
2018 .....	<ul style="list-style-type: none"><li>• Enters German market through two strategic German partnerships</li><li>• Completes acquisition of first ten rooftop projects under construction</li><li>• Completes acquisition of additional 2.24 MWp in Italy</li></ul>
2019 .....	<ul style="list-style-type: none"><li>• Completes acquisition of additional 5.0 MWp in Italy from Risen</li><li>• Announces BayWa r.e. as European O&amp;M partner</li><li>• Acquisition of 12 MWp operating park in the Netherlands</li><li>• Contracts for additional 20 MWp of projects in Italy</li><li>• Project pipeline reaches 500 MWp</li></ul>
2020 .....	<ul style="list-style-type: none"><li>• Completes SPA to acquire 100 MWp park in Italy</li><li>• Two additional countries added to portfolio:</li><li>• Wins first tender project for 65 MWp Polish park from BayWa r.e.</li><li>• New strategic partner in Ireland</li></ul>
2021 .....	<ul style="list-style-type: none"><li>• Issues EUR 110 million senior secured green bond and completes EUR 27 million equity raise to fund acquisition of 109 MW additional operating capacity and refinance existing debt</li></ul>

- Raised EUR 9 million in convertible debt to refinance a EUR 13 million loan note
- Completed acquisition of 44 MW from contracted 109 MW
- Contracted backlog reaches 1.41 GWp
- Completes strategic acquisition of Netherlands based Unisun Energy Holdings B.V to become vertically integrated IPP

### **7.3 Vision and strategy**

Alternus aims to become one of the leading pan-European IPPs in green energy by 2030. The Group's business strategy of acquiring, owning and operating a diverse portfolio of medium size solar PV assets that generate stable long-term incomes, positions it for significant growth in the years to come. In support of this strategy, Alternus recently acquired a majority interest in Netherlands based Unisun Energy Holding B.V to become a fully vertically integrated independent solar power producer with activities in all elements of the solar PV value chain.

To achieve this goal, the Group intends to pursue the following strategies:

- Continue its proven growth strategy targeted on acquiring independent solar PV projects either in development, newly constructed or already operational, in order to build a diversified portfolio across multiple geographies. The Group's focus on the midsize utility scale solar PV market that coupled with its cultivation of specialist developer partnerships both locally and internationally, over recent years, allows it to acquire parks at prices of up to 25% below market;
- Developer Agreements: contracts with specialist developer partners both local and international, reduces competition in acquisition pricing and provides the Group with exclusive rights to projects at varying stages of development in order to remove them from the market. Additionally, the Group also works with proven agent networks across Europe. Working with both groups provides Alternus with an excellent understanding of the market and in some cases enables it to contract for projects pre-market. This allows the Group to build a structured pipeline of projects in each country where it currently operates or intends to operate;
- Expand its pan-European IPP portfolio in regions with attractive returns on investment and increase the Group's stable long-term recurring revenue and cash flow;
- Long-term contracts combined with the Group's lean and efficient operations ensure strong and predictable cash flows from projects and allows for high leverage capacity and flexibility of debt structuring. Reinvestment of project cash flows into additional solar PV projects provide non-dilutive capital for Alternus to "self-fund" organic growth;
- Optimization of financing sources to support long-term growth and profitability in a cost-efficient manner;
- As a renewable energy company, the Group is committed to growing its portfolio of clean energy parks across Europe in the most sustainable way possible. The Group is highly aware and conscious of the ever growing need to mitigate the effects of climate change and this is evident by its core strategy. As the Group grows, it intends to establish a formal sustainability policy framework in order to ensure that all project development is carried out in a sustainable manner mitigating any potential local and environmental impacts identified during the development, construction and operational process.

Given the long term nature of its business, Alternus does not operate its business on a quarter-by-quarter basis, but rather, with long-term shareholder value creation as a priority. The Company aims to maximize return for its shareholders by acquiring projects during the development cycle, at the ready-to-build stage, or already operational. On some projects, Alternus will look to provide construction (EPC) services in-house. At commercial operation, the assets will have positive cash flow with long-term income streams at the lowest possible risk. Alternus will continue to operate with this priority as the Group continues to invest in its infrastructure and additional solar PV power plants to increase installed power and resultant stable long-term revenue streams.

## **7.4 Group organisation**

### **7.4.1 Overview**

Alternus Energy Group was incorporated in 2019 and currently has twenty-five employees, seven of whom are located at the Group's corporate headquarters in Dublin, Ireland, ten are located at the Group's operations center in Rotterdam, Netherlands, four are located across Europe and four are located in the United States, performing various services, business development, finance and management functions.

The main activities of the Group are to develop, own and operate solar PV parks that connect directly to national power grids. The Group's current revenue streams are largely generated from long-term investment grade off-takers in the form of Power Purchase Agreements (PPA's) or under government-mandated, fixed price supply contracts with terms of between 15-20 years such as government FiT's or other regulated programs such as the GC programme in Romania. Current contracts deliver annual revenues, of which approximately 89% are generated from these sources with the remaining 10% deriving from revenues generated under contracted PPA's with other energy operators and 1% by sales to the general energy market in the countries where the Group operates. The Group's current focus is on the European solar PV market.

### **7.4.2 Solis Bond Company, a Designated Activity Company**

In October 2020, the Company incorporated Solis Bond Company, a Designated Activity Company in Ireland. Solis Bond Company was incorporated to issue bonds on the Nordic ABM or other listed market and acquire, own and operate solar PV parks with those bond proceeds.

### **7.4.3 The operating subsidiaries**

Alternus Energy Group is a holding company that operates through 36 operating subsidiaries and other holding companies as further set out in Section 10.2 ("Legal structure").

### **7.4.4 The Reorganization**

On 2 December 2020, the Group completed the last step of a reorganization, which resulted in the Company becoming the parent company of the Group (the "**Reorganization**"). The Reorganization included the following main steps:

- The Company re-registered as a Plc in Ireland (from a Limited company);
- The Company incorporated Solis Bond Company, a Designated Activity Company;
- Altam Inc., the Company's parent company at the time, spun out the Company through the issuance of a share dividend / the distribution of the Company's shares to Altam Inc.'s shareholders;
- The Company acquired Alta, Inc. through a share for share exchange; and
- Solis Bond Company closed its bond financing.

## **7.5 Principal activities and markets**

### **7.5.1 Competitive strengths**

The Group believes the following competitive strengths have contributed and will continue to contribute to its success:

- The Group is an IPP with comfort in operating across all aspects of the solar PV value chain from development through to long term operational ownership – as opposed to just buying operating parks where the high levels of competition from investment funds tends to be. In this way the Group has opportunities to acquire projects earlier in the process and so lock out investment fund competitors in certain cases;
- In certain cases, the Group provides a minimum committed amount of MW to be purchased from local developers which makes it a more attractive and flexible partner to the local developers who benefit from having a single trusted customer that allows them to plan effectively and grow faster. As a result, the Group has been able to sign strategic developer contracts in multiple countries that provides it with a right of first refusal for all projects developed by its partners and therefore lock out other market operators for these projects (the "**Developer Agreements**");

- The Group benefits from Developer Agreements through decreased construction / acquisition costs due to volume discounts from the partners as they benefit from economies of scale. With this approach the Group has a proven ability to acquire parks at prices of up to 25% below the prices that investment funds will pay for the same assets. This approach usually provides an immediate equity cushion in the projects the Group acquires as it will always have the ability to sell the projects at higher costs than the acquisition cost;
- The Group's proven track record of identifying and entering new solar PV markets, on-the-ground capabilities and pan-European platform gives it key competitive advantages in developing and operating solar parks across Europe;
- The Group's existing pipeline of contracted solar PV projects provides it with clear and actionable opportunities to grow power generation and earnings as these are required;
- The Group is technology and supplier agnostic and as such has the flexibility to choose from a broad range of leading manufacturers, O&M experts, top tier suppliers and EPC vendors globally and will continue to benefit from falling component and service costs;
- As a public company, management believes it will have access to a variety of flexible financing sources allowing the Group to structure transactions more flexibly than its competitors, even though some competitors may have a lower cost of capital than the Group can currently achieve; and
- The Group is led by a highly experienced management team supported by strong, localized execution capabilities across all key functions and locations.

### 7.5.2 *Competitive landscape*

Power generation is a capital-intensive business with numerous industry participants. The Group competes to acquire solar PV parks and project rights with other renewable energy developers, IPPs and financial investors based on cost of capital, development expertise, pipeline, price, operations and management expertise, global footprint, brand reputation and the ability to monetize green attributes (such as GCs and tax incentives) of renewable power.

The Group faces specific competition in two distinct areas, specifically projects under development/construction and operational projects. Each segment has different competitors due to the nature of market participants as outlined below;

<b>Competitor Type</b>	<b>Competitor strength</b>	<b>Competitor weakness</b>	<b>How the Group competes</b>
<ul style="list-style-type: none"> <li>• Pension Funds</li> <li>• Insurance Companies</li> <li>• Specialist Investment Funds</li> </ul>	<ul style="list-style-type: none"> <li>• Lower cost of equity capital</li> <li>• Large funds available to deploy</li> <li>• Will also commission projects to be constructed for them – but large ones</li> </ul>	<ul style="list-style-type: none"> <li>• Tend to focus exclusively on acquiring operational parks (even if just completed)</li> <li>• Will not take any construction or development risk</li> <li>• Only acquire large scale projects due to minimum transaction size requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on fragmented mid-size solar PV segment</li> <li>• Entering the PV value cycle earlier with niche and strategic partners, thereby locking such parties out of projects the Group acquires from small developer partners who cannot access these competitors due to their size.</li> </ul>
Other IPP's / Utilities	<ul style="list-style-type: none"> <li>• Larger players will have lower cost of equity capital</li> <li>• Will commission projects to be constructed for them and will also work with portfolios of smaller parks</li> </ul>	<ul style="list-style-type: none"> <li>• May or may not take construction or development risk</li> <li>• Smaller IPP's will have similar cost of capital as Alternus</li> </ul>	<ul style="list-style-type: none"> <li>• Provide guaranteed minimum purchase commitments of developed projects under exclusive right of first refusal contracts that locks out other potential competitors.</li> </ul>

Notwithstanding the above, it is management's belief that the solar PV market is in high growth globally with many participants constantly arriving. There is also an increasing demand for projects from both government and corporates. In this environment although there are many players and participants, there is currently room for many participants and there does not appear to be significant industry consolidation and it remains a very fragmented market.

With the Group's proven niche focus on partner and project acquisition, it is of the opinion that it currently competes effectively in the markets it addresses. In addition, the Group believes that given its current growth strategy and as a public reporting company it will have opportunities to consolidate certain market participants and segments in certain geographies over time that may not be available to other participants. If successful, this would further enhance the Group's market position and sustained competitiveness in the medium to long term.

Nevertheless, the Group expects to face increased competition in all aspects of its business, target markets and industry segments, financing options, and partner availability as markets mature as countries reach their targeted renewable energy generation.

### 7.5.3 *The market*

#### 7.5.3.1 Europe

In December 2018, the newly revised Renewables Energy Directive (2018/2001) entered into force, establishing a new binding renewable energy target for the EU for 2030 of at least 32%, with a clause for a possible upwards revision by 2023. To put that into perspective, energy from renewable sources in the EU-27 made up approximately 19.7% at the end of 2019, only 0.3% short of the 2020 target of 20%. This revised directive puts a further impetus on EU member states to ensure they deliver on their individual renewable energy targets. According to Solar Power Europe, EU member states installed a total of 18.2 GW of solar capacity in 2020 making it the second-best year for solar in the EU, exceeded only in 2011 when a total of 21.4 GW was installed. Each country has their own National Energy and Climate Plan ("NECP") in place for the promotion and growth of renewable energy. These mechanisms vary from country to country. The historical and current position for solar PV for each country Alternus currently operates in is briefly summarized below.

#### 7.5.3.2 Romania

Romanian regulation on support for energy produced from renewable sources is set out in the Law 220/2008. This law, under modifications 139/2010 and 184/2018 set out a national target of 24% of gross energy produced to come from renewable energy sources by the year 2020. It also sets out national targets regarding the percentage of electricity produced from renewable sources of energy in the final gross consumption of electricity for years 2010, 2015 and 2020 which is 33%, 35% and 38%, respectively. Under the law, the National Energy Regulatory Authority (ANRE) is the body that qualifies the renewable energy installations that benefit from the support scheme. It sets out the terms of the Regulations for qualifying producers of electricity from renewable sources, so it can apply the Green Certificate ("GC") programme and it also elaborates the regulatory guidelines for the monitoring of production costs/revenues of producers from renewable sources which benefit from the GC programme.

All renewable energy installations connected up to 31 December 2016 are entitled to receive GCs for a period of 15 years after the ANRE grant the accreditation for the renewable energy installation. All GCs are valid up to 31 December 2030 and can be traded until this date even if a period of 15 years has already been reached. The value of each GC as set out in Law 220/2008 in euro denomination is a minimum of 27 euros to a maximum of 55 euros. Each year these values are indexed by ANRE according to the average inflation parameter in the month of December of the previous year per Eurostat communications and the value in LEI is calculated at a medium exchange rate set by the National Bank of Romania. Currently the minimum rate is set at 136.82 LEI. Operators can also receive additional income for the energy produced by their renewable energy installation as described below.

The solar PV parks that were connected up to December 31, 2013 received six GCs for each MWh delivered to the grid. From these six GCs, only four GCs per MWh were able to be traded up until the end of 2020, while the other two were postponed for trading until the beginning of 2021. The postponed GCs were reinstated starting from January 2021 in equal tranches until December 2030. Solar parks that were connected from 1 January 2014 up to December 31, 2016 received only three GCs per MWh. When the legislation was introduced the government had set a quota for solar PV to be installed. They set a timeline of six years for the GCs scheme, however the quota for solar PV was actually achieved in two years instead of six as it was not controlled by the government on a time or operator basis. The budget therefore ran out before the end of the program (31 December 2016) which gave rise to the changes as described above.

An operator can sell the energy and GCs produced in several ways:

1. Sell energy through OPCOM, the exchange market for energy (SPOT market), based on daily forecasting. Regarding GC sales, there are two sessions every month where all producers upload a maximum of 10,000

GCs they have for sale. The market is anonymous and there is no visibility between the seller and the buyer. Additionally, there is another anonymous market where you can stay for one month and buyers are not obliged to buy only during the two sessions organized per month;

2. Sign a PPA and sell the GCs to a trader or grid operator. This can only be carried out for plants up to 3 MW in size per licensed producer. The price the buyer pays for GCs cannot be lower than €29/GC;
3. Have contracts in place directly with a buyer for the GC and also sell energy on the SPOT market through OPCOM provided the park is up to 3 MW in size; or
4. Green Certificates Anonymous Centralized at Termen Market - Only E-RES producers can bid for sales; Purchase offers can be introduced only by the licensees with the obligation to purchase the GC or the producers who are in the situation of not fulfilling the GC number for which they have a delivery obligation under a bilateral contract already signed; The maximum number of GC in an offer is 10,000 GC; this is a market where it is possible to sell the energy and the green certificates and sign a bilateral contract even if the park has more than 3 MWp.

By the end of 2020 Romania had a total capacity of 1.4 GW of solar PV installed and the country reached its 2020 renewable energy use target early in 2017. Under the country's NECP it has a solar PV target of 5.1 GW to reach by 2030. The NECP mentions that this target will be supported through a Contracts for Difference ("CFD") type mechanism and by enabling long term PPA's to be concluded between project developers and electricity producers and consumers outside of centralized markets.

#### 7.5.3.3 Italy

The Gestore dei Servizi Energetici - GSE S.p.A. plays a central role in the promotion, support and development of renewable energy sources in Italy. GSE's sole shareholder is the Italian Ministry of Economy and Finance which, in consultation with the Ministry of Economic Development, provides guidance on GSE's activities. GSE promotes sustainable development by granting economic support for electricity generation from renewable energy sources and by organizing communication campaigns to raise awareness of environmentally sustainable energy use.

Historically, Italian regulation on support for energy produced from solar PV was set out in the "Conto Energia" under legislative decree 387 in 2003. From 2003 to 2012, there were four more iterations of this law which stipulated the conditions under which solar PV could be supported via a FiT subsidy. Under the original regulation a FiT was guaranteed for 20 years, which was a flat nominal fee depending on a number of variables. However, the targets set out in the legislation were met earlier than expected and had to be revised as described below under law decree No. 91. In addition to the FiT, operators could also receive income for the energy produced by their park from energy sold on the spot market or via a PPA. "Conto Energia" was finalized in July 2013 for new installations. Similar to Romania, Italy was one of a handful of countries in the EU to meet its 2020 target of 17% of gross energy produced to come from renewable sources early in 2017.

Original FiT Support:

1. Attractive incentive: flat nominal FiT for 20 years PLUS sale of electricity at the pool price;
2. Provision of priority access to power grid for renewable energy projects and guaranteed off-take of power;
3. Scheme funded by the end consumers through a surcharge to the electricity bill.

The law decree No. 91 (converted into ordinary law 11 August 2014) introduced, inter alia, measures aimed at reducing end-users' electricity bills in the short to medium term by spreading incentives over a longer period due to rapid build-up of renewable capacity. Three options (A,B,C) to the FiT were provided as follows:

- A. Reduction of 19% with four-year extension (over the original 20 years);
- B. Reduction for the first five years of 14.5% followed by six years of progressive increase of 4.1% followed by five years of FiT 14.5% higher than the original FiT (the increase equal to the opposite of the decrease of the first five years);

### C. Reduction of 8% over the remainder of the FiT period.

A new incentive decree known as Fer Decree 2019 was introduced in Italy in July 2019. The Decree set out procedures and requirements for accessing financial supports for renewable energy sources. Solar PV is supported under this decree in a number of ways through the mechanism of registers and auctions for access to incentives through a tendering process managed by the GSE. It also sets out regulation for PPA's. Unfortunately, the auctions which were also technology neutral tenders have not proved successful for solar PV so far, in part due to the tight eligibility restrictions in relation to the location of new projects and a highly bureaucratic system.

Italy currently holds the second largest share of solar PV in the EU-27 block at 16% with a total of 21.3 GW of installed capacity by the end of 2020 according to Solar Power Europe. Under its NECP it has a target of 51 GW of solar PV capacity to reach by 2030 to be supported with long term PPA's and CFD type mechanisms as previously mentioned.

#### 7.5.3.4 Germany

The responsibility for the energy transition and all aspects related to it, including climate change, in Germany is concentrated at the Federal Ministry for Economic Affairs and Energy (BMWi). The main national regulatory authority is the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur - BNetzA) under the authority of the BMWi.

German regulation on support for energy produced from renewable sources is set out in the Renewable Energy Sources Act 2017 (EEG 2017) set out by the BMWi. The EEG has since been amended and the latest legislative changes came into effect on 1 January 2021, now known as "EEG 2021". Germany was the first country to provide a FiT for renewable energy installations making it a market leader in renewables legislation, which was launched 20 years ago and which is responsible for the significant growth in onshore wind, solar PV and biogas by establishing grid priority for these energy sources and guaranteeing supports by way of FiTs. In addition to offshore wind and hydro power these renewable energy sources now provide over half of Germany's electricity consumption.

The EEG historically provided a stable regulatory framework and the basis for a new growth phase in Germany. It set out the structure for competition-based funding for renewable energy in Germany. The latest amendments to the legislation continue to provide structure for RES tenders while also incorporating new developments such as the 2020 National Hydrogen Strategy and electricity pricing for e-charging with a view to phasing out renewables funding by 2027 in the event that market-driven renewables expansion occurs as is expected. Becoming greenhouse gas neutral by 2050 underpins and is the official guiding principle of EEG 2021 and one of its main objectives is to increase the share of renewable energies in Germany from approximately 50% currently up to 65% by 2030, including an almost doubling of the solar PV capacity installed to date.

The tender process under EEG 2021 is applicable to installations above 750 KW in size and sets out annual tender volumes for each technology included in the tender. An additional 500 – 850 MW per year will be tendered in the so called "innovation auctions" and the technologies included are a combination of onshore wind, solar PV, biomass and power storage devices.

FiT support and eligibility under EEG 2021:

- Installations of less than 750 kW are exempted from the aforementioned tender process and are supported by a fixed FiT scheme including all new small and medium-sized commercial and industrial rooftop or ground mounted PV systems. However all solar PV installations between 350 kW and 750 kW are entitled to take part in a tender instead of a fixed FiT.
- The fixed FiT contract spans 20 years and once a contract is set, that FiT is received for the duration of the contract with payments being made on a monthly basis by the grid system operator and direct marketing company as supported for all electricity fed into the grid by the installation. Additional energy sales revenue is not applicable under the FiT Contract.

Germany currently holds the largest share of solar PV in the EU-27 block at 40% with a total of 54.6 GW of installed capacity by the end of 2020 according to Solar Power Europe. Under its NECP it has a target of 98 GW of solar PV capacity to reach by 2030 to be supported with long term PPA's and tender mechanisms as described above.

#### 7.5.3.5 Netherlands

The Stimulation of Sustainable Energy Production, otherwise known as the SDE+ is the scheme that supported renewable energy production in the Netherlands up until Spring 2020 and which has now been replaced with the SDE++ scheme which expands on the former SDE+. In addition to stimulating sustainable energy production the SDE ++ also heavily focuses on emission reduction technologies. The scheme is managed by the Netherlands Enterprise Agency Rijksdienst voor Ondernemend Nederland (RVO) and supported by the Ministry of Economic Affairs and Climate Policy. The main difference between the SDE+ and the SDE++ is that technologies now compete on the amounts of emissions that have been avoided rather than the amounts of renewable energy generation.

The Dutch government has set a 49% reduction target for CO2 emissions in 2030 compared to 1990 levels. The Climate Agreement includes agreements made to achieve this reduction target in various sectors and the SDE++ program supports this target.

The SDE++ scheme offers an operating premium feed-in tariff subsidy for renewable energy that aims to compensate the difference between the cost price of the technology and the market price of the avoided emissions. This is the difference between the cost price of the technology that reduces the emissions (the 'base amount') and the market value of the product giving rise to the technology (the 'correction amount'). The base amount will be fixed for the entire duration of the subsidy, and the correction amount will be determined annually. If the market value rises, the operating shortfall decreases and thus the subsidy decreases too. Priority is given to the applications with a lower cost price, so project developers are provided with an incentive to realize their projects at the lowest costs possible. The duration of the subsidy once granted, under SDE++ is 12 or 15 years depending on the technology.

The first phase opened in September 2020. The opening budget was €5 billion for the 2020 round and was opened in phases. During the first phase, only projects with a subsidy requirement up to a certain subsidy amount / tonne of CO2 can submit. The SDE++ is then opened step by step to the more expensive projects. Applicants always have the option of submitting their projects for a subsidy amount lower than the established maximum for the technology in question. In this way, market parties are encouraged to submit their projects for a lower amount and thus increase the chance of a subsidy.

The Netherlands total solar PV capacity saw a 23% increase from 2019 to 9.2 GWp by the end of 2020 according to Solar Power Europe. Under its NECP the Netherlands has a target to reach 27 GWp of solar PV capacity by 2030 to be supported with the aforementioned government backed SDE++ tender scheme.

#### 7.5.3.6 Poland

The electricity sector in Poland is dominated by large baseload power plants that use fossil fuels. Hard and lignite coal represented nearly 75% of power demand in 2019 in Poland. However the oldest units are due for decommissioning soon. Under the NECP for Poland it is envisaged that the gaps in the system will be filled with renewable energy in addition to gas fired capacity. The growth of renewable energy in Poland began in 2005 with the assistance of the Renewable Energy Sources ("RES") support scheme otherwise known as the green certificates scheme. In 2016 the RES support scheme was replaced by the new auction-based support scheme. Key elements of the RES auction scheme are underpinned on the basis of the Renewable Energy Sources ("RES") Act 2015 as amended in 2018.

Solar PV growth has been fast and steady in Poland over the last 2 years and this is mainly due to a favourable policy net-metering/feed in framework for prosumers expanded to include SME's in addition to the RES auction scheme. Most solar systems in Poland have been less than 1 MWp to date with the majority installed in the micro generation segment. In addition to its favourable policy framework Poland also offers further incentives including reduced income taxes, VAT and low interest loans while the PPA market segment is starting to take off for solar PV projects.

The Climate Ministry has estimated that the 2021 RES auction will contribute almost 2.5 GWp of new generation capacity which will include 1.8 GWp of solar PV and 600 MW of wind installations. Of the 1.8 GWp of solar PV, 1 GWp will be for installations less than 1 MWp and 800 MWp will be for installations greater than 1 MWp.

The auction system is open to onshore wind, biogas, biomass and waste thermal treatment including CHP in addition to solar PV and is regulated by the President of the Energy Regulatory Office ("President of the ERO"). In order to participate to the auction participants must:

- Hold a certificate of admission to the auction which is valid for 12 months - this is preceded by a pre-qualification procedure carried out by the President of the ERO verifying that a project is at Ready to Build status
- Pay a deposit of PLN 60 (circa €14) per KWp or provide an equivalent bank guarantee

Under this scheme the period of support lasts for a term of up to 15 years from the date of first sale of electricity, however not later than until 30 June 2039. The support works as follows;

- Installations below 500 kW have a guarantee of purchase of their electricity by obliged retailers
- For Installations above 500 KWp who have won an auction the support is a Contracts for Difference ("CfD") type scheme whereby the produced electricity is sold on the electricity market at the market price to a chosen offtake, after which the installation can apply for additional payments to reach their auction price
- This is done by way of an application to cover the "negative balance". The funds are paid out by Zarządca Rozliczeń S.A., a state-owned corporation acting as a settlements manager
- If the market price exceeds the auction price, the positive balance should be settled (set-off) by the owner of the RES Installation to Zarządca Rozliczeń S.A. against the next negative balance. Any positive balance as at the end of 15-year support shall be paid to Zarządca Rozliczeń S.A. in six equal installments. If that installation produces electricity in excess of the volumes bid in the auction, it will not receive the difference payment for this excess electricity (but it will receive the market price applicable). Throughout the support period, the guaranteed auction price awarded to a RES Installation will be indexed annually by the Polish CPI.

The total PV capacity for Poland was 3.6 GWp by the end of 2020 according to Solar Power Europe with the country adding over 2.6 GWp of additional installed capacity during the year. Under its NECP Poland is set to double its solar PV capacity to 7.3 GWp GW by 2030. This target will be supported with the aforementioned government backed auction type scheme and with long term PPA's. However, given Poland's current rate of solar growth it is thought that MW capacity will increase to between 9 to 11 GWp by end of 2024 according to the latest EU market outlook by Solar Power Europe.

#### 7.5.4 Challenges

The Group's ability to successfully execute its strategies is subject to a number of risks and uncertainties.

See Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") for a discussion of these and other risks and uncertainties associated with the Group's business.

#### 7.5.5 Seasonality and Resource Availability

The amount of electricity produced, and revenues generated by, the Group's solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. As shorter daylight hours in winter months result in less irradiation, the electricity generated by these facilities will vary depending on the season. Irradiation can also be variable at a particular location from period to period due to weather or other meteorological patterns, which can affect operating results. As the majority of the Group's solar power plants are located in the Northern Hemisphere (Europe) the Group expects its current solar portfolio's power generation to be at its lowest during the first and fourth quarters of each year. Therefore, the Group expects its first and fourth quarter solar revenue to be lower than in other quarters. As a result, on average, each solar park generates approximately 15% of its annual revenues in Q1 every year, 35% in each of Q2 and Q3, and the remaining 15% in Q4. the Group's costs are relatively flat over a year, and so it will always report lower profits in Q1 and Q4 as compared to the middle of the year.

#### 7.5.6 Environmental and government regulations

##### 7.5.6.1 Environmental matters

The Group is subject to environmental laws and regulations in the jurisdictions in which it owns and operates renewable energy facilities. These laws and regulations generally require that governmental permits and approvals

be obtained and maintained both before construction and during operation of these renewable energy facilities. The Group incurs costs in the ordinary course of business to comply with these laws, regulations and permit requirements. The Group does not anticipate material capital expenditures for environmental compliance for its renewable energy facilities in the next several years. While the Group does not expect that the costs of compliance would generally have a material impact on its business, financial condition or results of operations, it is possible that as the size of its portfolio grows, it may become subject to new or modified regulatory regimes that may impose unanticipated requirements on the business as a whole that the Group did not anticipate with respect to any individual renewable energy facility. Additionally, environmental laws and regulations frequently change and often become more stringent, or subject to more stringent interpretation or enforcement, and therefore future changes could require the Group to incur materially higher costs which could have a material negative impact on its financial performance or results of operations.

#### 7.5.6.2 Regulatory Matters, Government Legislation and Incentives

In Romania, Italy, Germany, the Netherlands and Poland, the Company is generally subject to the regulations of the relevant energy regulatory agencies applicable to all producers of electricity under the relevant feed-in tariff or other governmental incentive programs (collectively "FiT") (including the FiT rates); however, it is not subject to regulation as a traditional public utility (i.e. regulation of its financial organization and rates other than FiT rates).

As the size of the Group's portfolio grows, or as applicable rules and regulations evolve, it may become subject to new or modified regulatory regimes that may impose unanticipated requirements on the business as a whole that were not anticipated with respect to any individual renewable energy facility. Any local, state, federal or international regulations could place significant restrictions on the Group's ability to operate its business and execute its business plan by prohibiting or otherwise restricting the sale of electricity. If The Group was deemed to be subject to the same state, federal or foreign regulatory authorities as traditional utility companies, or if new regulatory bodies were established to oversee the renewable energy industry in Europe or in international markets, its operating costs could materially increase, adversely affecting results of operations.

Each of the countries in which the Group operates has established various incentives and financial mechanisms to reduce the cost of renewable energy and to accelerate the adoption of PV solar and other renewable energies. These incentives include tax credits, cash grants, favorable tax treatment and depreciation, rebates, GCs, net energy metering programs, FiTs and other incentives. These incentives help catalyze private sector investments in renewable energy and efficiency measures. Changes in the government incentives in each of these jurisdictions could have a material impact on the Group's financial performance.

## 7.6 The Group's portfolio

### 7.6.1 Current portfolio

The Group's current portfolio consists of 23 owned and operational parks across Germany, Italy, the Netherlands and Romania, totalling 65.2 MWp of installed capacity as of 30 June 2021. In addition, the Group also owns 8 assets under construction, of which 3.8 MWp (7) are located in Germany and 14 MWp (1) located in the Netherlands with 261 MWp of assets under development in Italy and the Netherlands. The German and Italian projects enjoy 20-year government counter-party FiT contracts at fixed sales prices that provide long-term predictable positive cash flows at average 85% gross margins. The Romanian parks operate under a "green certificate" government incentive scheme over a minimum of 15 years whereby the projects earn a certain number of GCs for the energy produced that are then subsequently sold to the Romanian energy market. The Netherlands projects enjoy a 15-year contracted revenue stream as part of a government program. The parks under contract in Italy, Poland and other countries are expected to mostly operate under long term 10-year PPA contracts with investment grade off-take partners.

The following table lists the owned portfolio and under contract solar PV parks as of the date of this Information Document:

Country	MWs owned (installed and operational)	MWs owned (In development and under construction)	Total under contract (MW)	Total(MW)
Romania	41.5	-	-	41.5
Italy	10.5	20.0	254.0	284.5

Germany	1.4	3.8	-	5.2
Netherlands	11.8	255.0		266.8
Poland	-	-	181.0	181.0 <sup>1</sup>
Spain	-	-	275.0	275.0
Greece	-	-	417.0	417.0
Ireland	-	-	70.0	70.0
<b>Total</b>	<b>65.2</b>	<b>278.8</b>	<b>1,197.0</b>	<b>1,541</b>

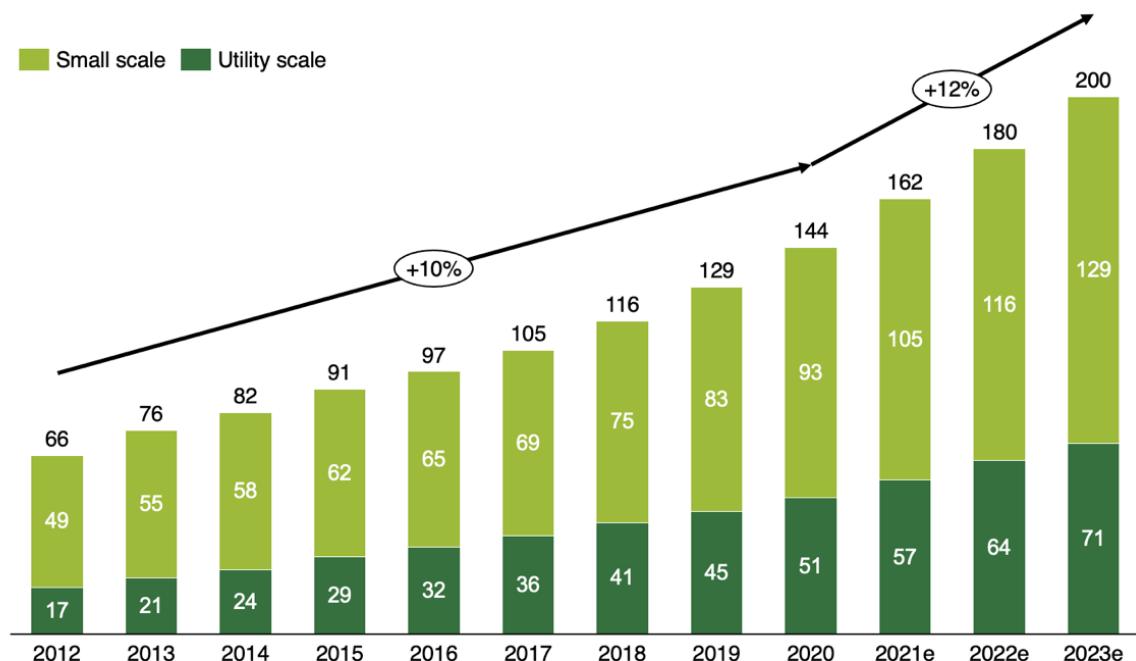
<sup>1</sup> In Poland, Alternus has finalised a Share Purchase Agreement (SPA) for the acquisition of the 65 MWp solar park. It is anticipated to complete the acquisition of the project in 3Q21.

### 7.6.2 Future opportunities

#### 7.6.2.1 European Market

European solar power capacity has increased rapidly in the last decade, growing 10% per annum since 2012. Going forward, European capacity is expected to continue growing fast, with annual growth of 12% towards 2023. Annual capacity additions expected at ~29 GW in 2021-23, approximately.

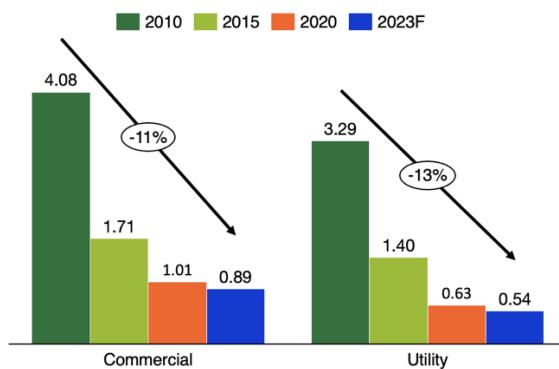
#### Installed solar Capacity in Europe (GW)



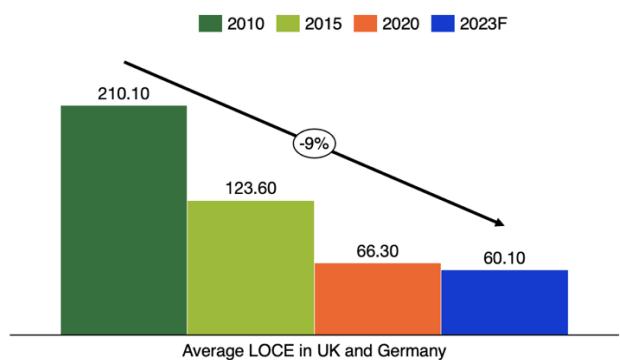
Source: Bloomberg New Energy Finance

Note: Europe refers to all EU countries plus Switzerland, Ukraine, and Turkey.

### Solar System Prices (2020), (USD/Watt)



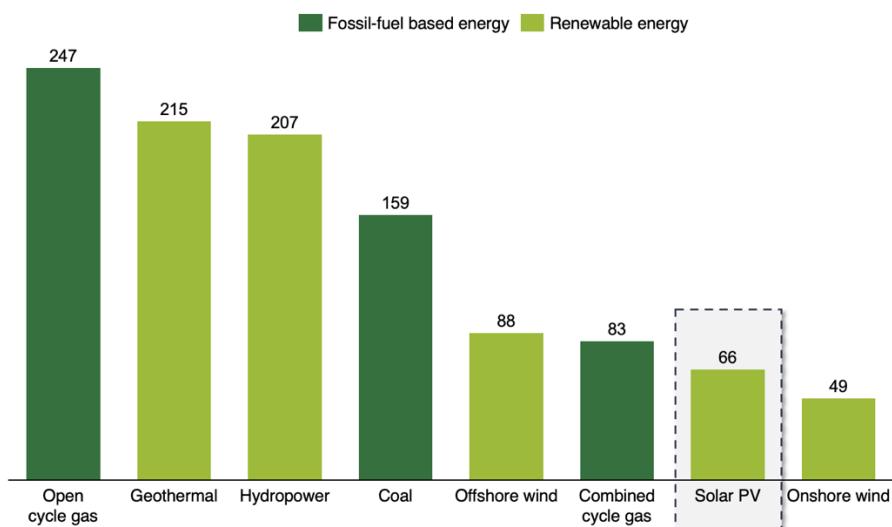
### Levelised Cost of Energy (LCOE): Solar in Europe (USD/MWh)



- Global solar systems prices for commercial and utility deployments have fallen 14-15% per year since 2010
- Next three years to see 4-5% p.a. decline in PV system prices support to renewable energy projects

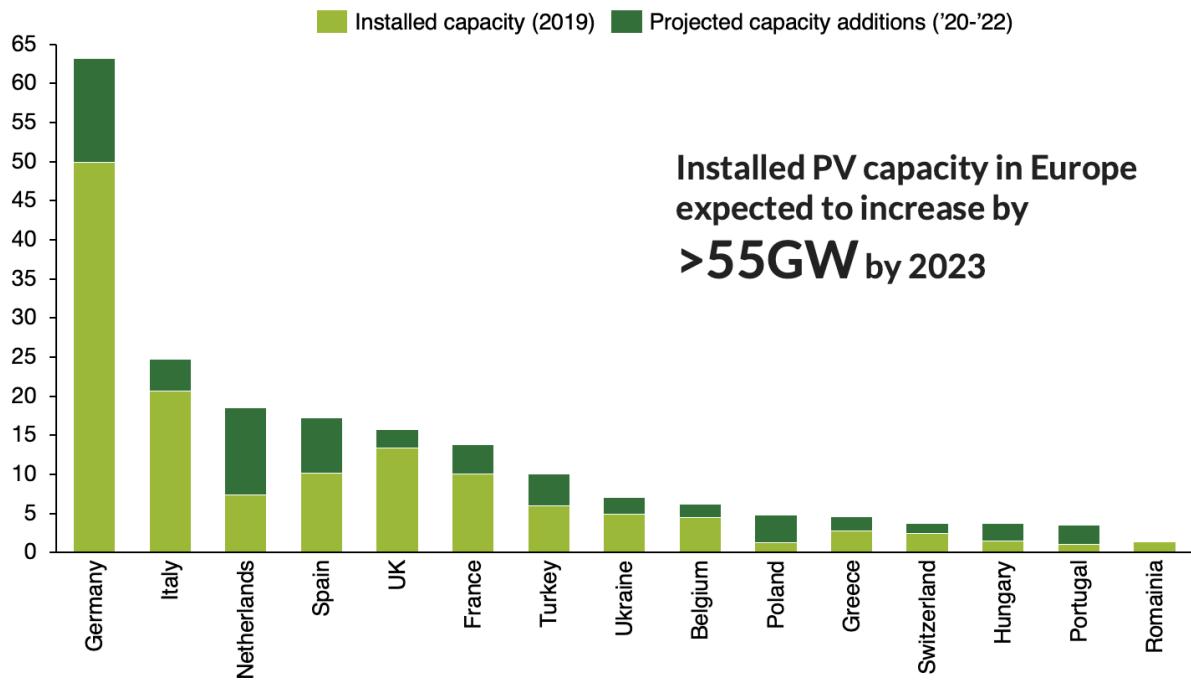
- LCOE in key European markets have fallen ~11% p.a. since 2010
- Going forward, LCOE is forecasted to continue declining, albeit at a slower pace than before (~3% p.a. to 2023)

### Levelized Cost of Energy (LCOE) in Europe <sup>1)</sup>, by Technology (USD/MWh, real 2019)



- After falling 70% since 2010, solar power is now the second-cheapest source of energy in Europe, just behind onshore wind
- On an LCOE basis, fossil-fuel based energy is 20-260% more expensive than solar power
- Solar competitiveness versus other energy technologies expected to persist, despite recent drop in fossil fuel prices

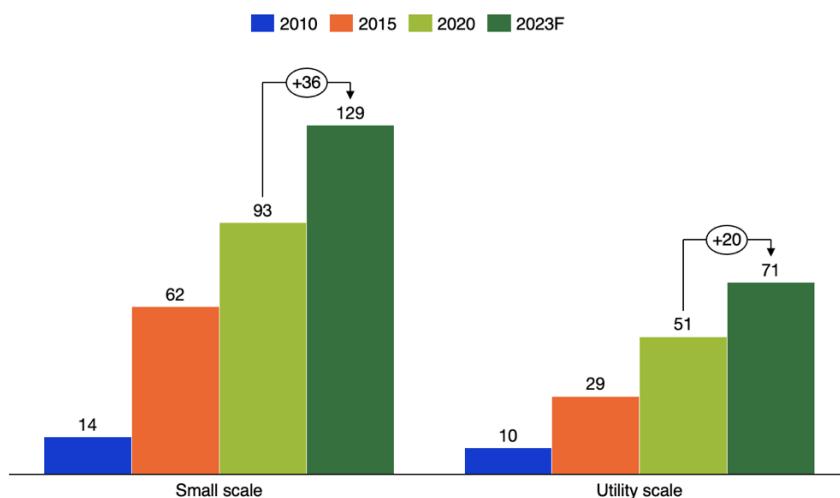
## Installed PV capacity, selected European countries (GW)



Source: Bloomberg New Energy Finance

- Germany is the largest market PV market in Europe followed by Italy, UK, France and Spain
- Germany, Netherlands and Spain expected to see the largest capacity additions to 2023, each growing by 7-13 GW vs. 2020
- Several countries to add 2-5 GW of PV capacity by 2023, including Turkey, Italy, France, Poland, UK, Ukraine, Hungary, Portugal

## Solar PV Capacity in Europe, by Segment (GW)

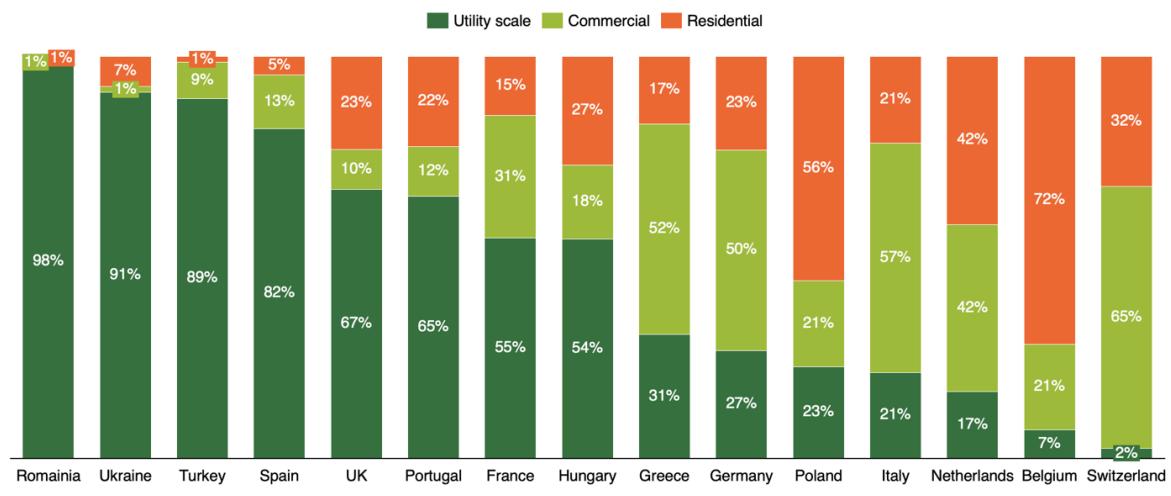


Source: Bloomberg New Energy Finance  
Note: Europe refers to all EU countries plus Switzerland, Ukraine, and Turkey.

- Utility-scale solar is the largest and fastest growing PV segment in Europe

- More than 30 GW of new utility-scale solar PV capacity expected to be installed over the next three years growing at a rate of 15% per annum
- Commercial and industrial scale PV capacity to increase 22 GW in 2019-22, growing at a rate of 12% per annum
- Residential PV is the smallest and slowest growing segment, adding 12 GW of capacity in 2019, growing 11% per annum

### Solar Segment Mix, by Country – Installed Capacity



Source: Bloomberg New Energy Finance

Note: Europe refers to all EU countries plus Switzerland, Ukraine, and Turkey.

#### 7.6.2.2 Solar PV Market Trends – Move to Tenders and PPA's

Auctions and tendering schemes for renewable energy sources are competitive mechanisms used to allocate financial support to renewable energy projects, usually on the basis of the cost of electricity production. Solar PV tenders are now commonplace in many European countries. They have been instrumental in reducing solar power prices and have illustrated how quickly solar construction costs are continuing to decrease. Solar has also proved itself to be competitive against other renewable energy technologies as shown in several European countries, including Denmark, Germany, the Netherlands and Spain, where it has won technology-neutral tenders provided the boundary conditions are appropriate. Due to the ever-decreasing cost of solar more European countries are becoming active in the market. An example is Ukraine, where energy security was a central part of its incentive scheme for large-scale and residential solar. There are also European solar pioneering countries that have returned to low-cost solar again, like Spain, which ended up having a big year in terms of Solar PV in 2019 in becoming the top EU solar market by adding the largest amount of newly installed solar capacity at 4.8 GW.

Renewable power sourcing has become a vital part of the energy and sustainability strategy of many corporates, coupled with the ever-decreasing costs for constructing new PV Solar parks, the appetite for cost-effective renewable power is growing. With the US leading the way for corporate renewable sourcing, this trend is now moving into Europe. So far, wind has won over solar for renewable PPAs largely due to easier access to large renewable power volumes from big wind farms. Solar PV on the other hand has been installed directly on-site. As large-scale low-cost solar increases in Europe it should play a much bigger role in corporate sourcing.

Direct bilateral PPAs with solar are now increasingly competing with wholesale energy markets in some European countries. This development will be seen primarily in those European countries with the widest spreads between solar and wholesale power prices, and where access to ancillary service markets is granted. In 2018, the first pure PPA system was built, a 175 MW system from BayWa, which was sold before final grid-connection to the asset manager of Munich RE/Ergo at the end of 2018. In early 2019 the world's largest PPA was signed for a 708 MW solar project portfolio in Spain and Portugal. The pipeline of PPA projects under development in Spain has exceeded the 100 GW level where the barriers to implementation are related to grid constraints. In Germany, where wholesale power prices are lower than in Spain, the first large-scale, 'subsidy-free' solar system with a capacity of 180 MW will be built in 2020 by EnBW. According to the latest renewable energy progress report from the European Commission published

in October 2020, from 2015 to 2019, the amount of renewable electricity to be supplied under corporate power purchase agreements in the Europe tripled from 847 MW to 2487 MW.

### **7.7 Key collaborating partners**

Alternus works with world leading advisors to ensure the projects acquired are suitable and in line with laws, technology and operational parameters. All potential acquisitions undergo extensive and detailed verification before acquisition. The Company's legal due diligence advisors include Jones Day, Orrick, Nestor Nestor Diculescu Kingston Petersen, and Soltysinski Kaweki & Szelezak; technical due diligence advisors include, DNV GL, Renerco, Evergy, Protos and Moroni and Partners; financial advisors include Marcum, KPMG and Grant Thornton; operational partners include BayWa R.E., and MetCo Control.

### **7.8 Material contracts**

Neither the Company nor any other member of the Group has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Information Document.

Further, the Group has not entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Information Document.

### **7.9 Dependency on contracts, patents, licenses, trademarks, etc.**

The Group's existing business and profitability is not dependent on any patents, licenses or other intellectual property. It is the Company's opinion that the Group's existing business and profitability are not dependent upon any contracts.

### **7.10 Related party transactions**

Below is a summary of the Group's related party transactions for the periods covered by the historical financial information included in this Information Document as Appendix B and Appendix C and up to the date of this Information Document:

- On 9 October 2019 a Stock Exchange Agreement was entered into by and among Alternus Energy Inc. (now Altam Inc., "**Altam**") and VestCo Corp. ("**VestCo**"), a company owned and controlled by Vincent Browne, the Company's Chairman and CEO, whereby VestCo returned 15,000,000 shares of Altam common stock, which were cancelled and returned to the total authorized but unissued shares of Class A common stock of Altam, in exchange for 15,000,000 shares of Class B Common Stock of Altam. As part of the Reorganization these shares were exchanged for shares in Alternus Energy Group Plc.
- On 19 August 2019 a Stock Exchange Agreement was entered into by and among Alternus Energy Inc. (now Altam Inc.) and its majority shareholder, Growthcap Investments Inc. ("**GII**"), which is owned and controlled by the Company's Chairman and CEO, Vincent Browne, whereby GII returned 50,000,000 shares of Alternus Energy Inc.'s common stock, which were cancelled and returned to the total authorized but unissued shares of common stock of Altam, in exchange for 5,000,000 shares of Series E Convertible Preferred Stock of Altam. On 20 March 2019, Alternus received a notice of conversion from GII to convert the entirety of its shares of Series E Convertible Preferred Stock, with a stated value of USD 0.001 per share, into an aggregate of 50,000,000 shares of Altam's Class A Common Stock, which was effected. As part of the Reorganization these shares were exchanged for shares in Alternus Energy Group Plc.
- During the year ended 31 December 2017, Alternus Energy Inc. (now Altam Inc.) issued a USD 100,000 convertible promissory note to Mr. Vincent Browne, the Chief Executive Officer of the Company (CEO), and a USD 100,000 convertible promissory note to VestCo, a company controlled by the CEO, in exchange for USD 200,000 cash to be provided to Altam as required for working capital purposes. The notes accrue 10% annual interest and are convertible into shares of restricted common stock at USD 20.00 per share, at the noteholder's option. In February of 2019, the terms under which all cash previously loaned by VestCo to Altam to date was amended and restated pursuant to a Securities Purchase Agreement with VestCo. Pursuant to the Securities Purchase Agreement, Altam issued to VestCo i) a convertible promissory note which was converted to 70,920 new shares in the Company immediately prior to the Admission and ii) a warrant to purchase up to 37,170 shares of Altam's common stock, which has later been amended to a

warrant for the Company's shares, exercisable at EUR 3.62 per share or through its cashless exercise provision and having a 4 year term.

- Mr. Browne also owns and controls Power Clouds Holdings Pte. Ltd., a Singapore company ("PCH"). PCH has advanced USD 207,753 to Altam which has been repaid.
- During the twelve months ended December 31, 2017, Alternus Energy Inc. (now Altam Inc.) also issued a USD 100,000 convertible promissory note to Mr. Browne in exchange for USD 100,000 cash provided to Altam as required for working capital purposes. The note accrues 10% annual interest and is convertible into shares of restricted common stock at USD 0.20 per share, at the noteholder's option, and is repayable upon demand. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. The note has been repaid.

*Consulting Services Agreements Involving the Company's Directors and Executive Officers*

- Mr. John Thomas is a director of the Company and also the owner and managing director of Doonbeg Partners LLC. Alternus Energy Inc. (now Altam Inc.) contracted with Doonbeg in June of 2017 to provide certain consulting services to Altam for compensation of USD 20,000 in 2017 and USD 240,000 in 2018, consisting of cash and stock. The consulting agreement with Doonbeg terminated on June 28, 2019.

**7.11 Legal and arbitration proceedings**

The Company is not currently involved in or aware of any litigation that could result in a material loss.

## 8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

### 8.1 Introduction and basis for preparation

The Financial Statements have been prepared in accordance with the US GAAP. The Financial Statements have been audited by the independent auditor of the Group, Marcum. The auditor's report does not include any qualifications.

The selected financial information presented in Section 8.3 to Section 8.6 below has been derived from the Financial Statements, and should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements included herein as Appendix B and C.

### 8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 3 in the Financial Statements, incorporated herein as Appendix B and C.

### 8.3 Selected statement of income

The table below sets out selected data from the Group's consolidated audited statement of income for the years ended 31 December 2020 and 2019.

(In USD)	Year ended 31 December	
	2020 (audited)	2019 (audited)
Revenues.....	4,693,632	2,585,568
Cost of revenues.....	(1,188,894)	(738,097)
<b>Gross profit</b> .....	<b>3,504,738</b>	<b>1,847,471</b>
<b>Operating expenses</b>		
Selling, general and administrative.....	3,141,064	4,453,155
Depreciation and amortization.....	2,004,268	1,193,107
<b>Total operating expenses</b> .....	<b>5,145,332</b>	<b>5,646,262</b>
<b>Profit (loss) from operations</b> .....	<b>(1,640,594)</b>	<b>(3,798,791)</b>
<b>Other income (expense)</b>		
Interest expense.....	(4,823,336)	(3,210,299)
Change in fair value of derivative liability.....	-	(132,976)
Gain on bargain purchase.....	-	4,113,148
Total other income (expense).....	-	769,873
Net income (loss) before provision for income taxes .....	(6,463,930)	(3,028,918)
Provision for income taxes.....	-	-
<b>Net income (loss)</b> .....	<b>(6,463,930)</b>	<b>(3,028,918)</b>
Basic and diluted loss per share.....	(6.58)	(0.03)
Fully diluted.....	(6.58)	(0.03)
Weighted average shares outstanding		
Basic.....	982,287	97,969,579
Diluted .....	982,287	97,969,579
Comprehensive income (loss)		
Net income (loss).....	(6,463,930)	(3,028,918)

(In USD)	Year ended 31 December	
	2020 (audited)	2019 (audited)
Unrealized gain (loss) on currency translation adjustment.....	548,831	(382,190)
<b>Comprehensive income (loss).....</b>	<b>(5,915,099)</b>	<b>(3,411,108)</b>

#### 8.4 Selected statement of financial position

The table below sets out selected data from the Group's consolidated audited statement of financial position as at 31 December 2020 and 2019.

(In USD)	Year ended 31 December	
	2020 (audited)	2019 (audited)
<b>Current assets</b>		
Cash and cash equivalents .....	1,190,425	1,076,995
Accounts receivable.....	856,039	210,032
Other receivables, sale of asset .....	-	383,819
Prepaid expenses and other current assets, short term portion.....	705,722	502,054
Taxes recoverable .....	765,096	610,919
<b>Total current assets .....</b>	<b>3,517,282</b>	<b>2,783,819</b>
 Investment in energy property and equipment, net .....		
Construction in process .....	34,760,182	33,459,478
Prepaid expenses and other current assets, long term portion .....	9,330,691	7,270,194
Goodwill .....	8,124,344	396,639
Restricted cash .....	1,349,341	1,353,998
<b>Total assets .....</b>	<b>57,639,925</b>	<b>45,613,562</b>
 <b>Liabilities and shareholder's equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities.....	15,495,017	3,700,796
Convertible and non-convertible promissory notes, current portion.....	25,920,464	22,705,665
Capital lease, net of current portion .....	100,788	87,785
Taxes payable .....	-	61,575
<b>Total current liabilities.....</b>	<b>41,516,269</b>	<b>26,555,821</b>
 Convertible and non-convertible promissory notes, net of current portion .....		
Capital lease, net of current portion .....	<b>16,816,051</b>	14,109,417
Asset retirement obligation .....	908,903	923,948
<b>Total liabilities .....</b>	<b>167,388</b>	146,215
<b>59,408,611</b>		<b>41,735,401</b>
 <b>Commitments and contingencies</b>		
 <b>Shareholders' equity</b>		

(In USD)	Year ended 31 December	
	2020 (audited)	2019 (audited)
Preferred Shares, USD 0.001 par value; 50,000,000 shares authorized, 5,000,000 issued and outstanding (Liquidation value of USD 5,000 as of December 31, 2019), issued and outstanding .....	-	5,000
Common stock, USD 0.001 par value; 450,000,000 of Class A shares authorized, issued and outstanding.....	-	68,183
Common stock, USD 0.001 par value, 15,000,000 of Class B stock authorized, issued and outstanding .....	-	15,000
Common stock, 0.01 par value, 100,000,000 authorized and 9,810,454 issued and outstanding	98,106	-
Additional paid in capital.....	15,700,447	15,442,118
Accumulated other comprehensive income (loss).....	(93,851)	(642,682)
Accumulated deficit .....	(17,473,388)	(11,009,458)
<b>Total shareholders' equity</b> .....	<b>(1,768,686)</b>	<b>3,878,161</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>57,639,925</b>	<b>45,613,562</b>

## 8.5 Selected statement of cash flows

The table below sets out selected data from the Group's consolidated audited statement of cash flows as at 31 December 2020 and 2019.

(In USD)	Year ended 31 December	
	2020 (audited)	2019 (audited)
<b>Cash flows from operating activities</b>		
<b>Net loss</b> .....	<b>(6,463,940)</b>	<b>(3,028,918)</b>
<i>Adjustment to reconcile net (loss) to net cash (used in) provided by operations</i>		
Depreciation and amortization.....	2,004,268	1,193,107
Stock compensation costs.....	268,879	1,513,214
Stock compensation, related to financing	186,072	-
Amortization of debt discount .....	424,199	269,922
Change in fair value of derivative liability .....	-	132,976
Gain on bargain purchase .....	-	(4,113,148)
<i>Changes in assets and liabilities, net of acquisition and disposals</i>		
Accounts receivable and other short term receivables	(151,695)	28,630
Other short term receivables.....	-	147,898
Prepaid expenses.....	(7,829,541)	(702,780)
Energy incentives earned not yet received.....	-	146,285
Accounts payable and accrued liabilities.....	11,152,143	1,943,751
<b>Net cash (used in) provided by operating activities</b> .....	<b>(409,615)</b>	<b>(2,469,063)</b>
<b>Cash flows from investing activities</b>		
Cash used for construction in process.....	(1,520,943)	(55,120)
Cash acquired in acquisition, net.....	-	1,076,096

<i>(In USD)</i>	<b>Year ended 31 December</b>	
	<b>2020</b> <i>(audited)</i>	<b>2019</b> <i>(audited)</i>
Deposits paid under acquisition contracts.....	-	(348,782)
Cash paid for acquisition of subsidiaries.....	-	(8,486,927)
Cash used for energy assets.....	(483,044)	(1,250,478)
<b>Net cash (used in) investing activities</b> .....	<b>(2,003,987)</b>	<b>(9,065,211)</b>
 <b>Cash flows from financing activities</b>		
Proceeds of debt, related parties.....	-	-
Payment of debt principal, related parties.....	(48,191)	(159,563)
Proceeds from debt, senior debt.....	2,785,243	5,002,577
Payments on debt principal, senior debt.....	-	(373,741)
Net proceeds from lines of credit.....	-	(35,346)
Payments on notes payable related to acquisition of solar parks.....	-	(1,335,889)
Payments on leased assets, principal.....	(94,440)	
<b>Net cash provided by financing activities</b> .....	<b>2,642,612</b>	<b>3,098,038</b>
 <b>Effect of exchange rate on cash</b> .....	<b>93,071</b>	<b>(21,834)</b>
 <b>Net increase in cash and cash equivalents</b> .....	<b>322,081</b>	<b>(8,458,070)</b>
Cash, cash equivalents and restricted cash beginning of the period .....	1,426,429	9,884,499
 <b>Cash, cash equivalents and restricted cash end of period</b> .....	<b>1,748,510</b>	<b>1,426,429</b>
<b>Year ended 31 December</b>		
<i>(In USD)</i>	<b>2020</b> <i>(audited)</i>	<b>2019</b> <i>(audited)</i>
 <b>Supplemental cash flow disclosure</b>		
Cash paid for interest.....	427,393	1,573,936

## 8.6 Selected statement of changes in equity

Changes in equity are presented in the equity note of the financial statements as of and for the period ending on 31 December 2020 and 2019. An overview is included below.

	Preferred shares		Class A common stock issued		Class B common stock issued		Paid-in capital	Compre-hensive income/(loss)	Accumu-lated deficit	Total
	(In USD thousand)	Series D	Amount	Shares	Amount	Shares				
<b>Balance at 31 December, 2018.....</b>				<b>110,727</b>	<b>110,727</b>		<b>13,164</b>	<b>(260)</b>	<b>(7,981)</b>	<b>5,034</b>
Transfer of common shares to preferred shares series E.....	5,000	5	(50,000)	(50)	-	-	45	-	-	-
Transfer of class A common shares to class B common shares.....	-	-	(15,000)	(15)	15,000	15	-	-	-	-
Stock compensation.....	-	-	22,456	22	-	-	1,491	-	-	1,513
Fair value of debt discount.....	-	-	-	-	-	-	270	-	-	270
Reclassification of derivative liability.....	-	-	-	-	-	-	472	-	-	472
Unrealized loss on currency translation adjustment...	-	-	-	-	-	-	-	(382)	-	(382)
Net loss.....	-	-	-	-	-	-	-	-	(3,029)	(3,029)
<b>Balance at 31 December 2019.....</b>	<b>5,000</b>	<b>5</b>	<b>68,183</b>	<b>68</b>	<b>15,000</b>	<b>15</b>	<b>15,442</b>	<b>(643)</b>	<b>(11,009)</b>	<b>3,878</b>
Conversion of preferred shares to Class A common shares.....	(5,000)	(5)	500	50	-	-	(45)	-	-	-
Stock compensation.....	-	-	7	1	-	-	81	-	-	82
Shares issued - related to financing of debt.....	-	-	16	2	-	-	185	-	-	187
Recapitalization and share exchange.....	-	-	8,605	(22)	(15,000)	(15)	37	-	-	-

<i>(In USD thousand)</i>	Preferred shares		Class A common stock issued		Class B common stock issued		Compre- hensive income/ (loss)	Accumu- lated deficit	Total	
	Series D	Amount	Shares	Amount	Shares	Amount	Paid-in capital			
Unrealized gain on currency translation adjustment...	-	-	-	-	-	-	-	549	549	
Net loss.....	-	-	-	-	-	-	-	(6,464)	-	
<b>Balance at</b> <b>31</b> <b>December</b> <b>2020.....</b>	<b>-</b>	<b>-</b>	<b>9,810</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>15,700</b>	<b>(94)</b>	<b>(17,473)</b>	<b>(1,769)</b>

## 8.7 Significant changes in the Group's financial or trading position

### 8.7.1 Summary and certain ordinary course transactions

Other than the Private Placements, the Bond Issue described in Section 8.8 and the transaction described in Section 8.7.2, the Group has not carried out any transactions after the last audited accounts that represent a significant change. However, the Group has carried out a number of transactions in its ordinary course of business, summarized in the following:

- (i) In January 2021, the Company approved the assignment of two convertible promissory notes, in the principal amounts of USD 500,000 and USD 250,000, respectively, from the Company's subsidiary, Altam Inc., to the Company and the subsequent conversion of those two notes, resulting in the issuance of 225,000 Shares.
- (ii) In February 2021, the Company's subsidiary, PC-Italia-03 S.r.l., acquired 100% of the corporate capital of two Italian SPVs, KKSOL S.r.l. and Petriolo Fotovoltaica S.r.l., in consideration for USD 3.1 million (EUR 2,516,293)
- (iii) In March 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the corporate capital of an Italian SPV, Serre, in consideration for USD 2.6M (EUR 2,148,451).
- (iv) In March 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the share capital of two Romanian SPVs, Lucas Est S.R.L. and Ecosfer Energy S.R.L., in consideration for RON 140,211,020 and the issuance of a EUR 13,000,000 promissory note issued by the Company, which was subsequently settled through the payment of EUR 7,325,396.75 in March of 2021.
- (v) In March 2021, the Company entered into the Notes (as defined and described in Section 10.7).
- (vi) In April 2021, the Company acquired 60% of the share capital of a Dutch company, Unisun Energy Holding B.V. in consideration for USD 800,000 (EUR 650,000).

### 8.7.2 Acquisition of LIG Green Source Energy Beta S.R.L.

#### 8.7.2.1 Transaction type and parties

In April 2021, the Company's subsidiary, Solis Bond Co., acquired 100% of the share capital of another Romanian SPV, LIG Green Source Energy Beta S.R.L (the "LIG").

#### 8.7.2.2 Consideration and timing

The consideration for the transaction was a cash consideration of USD 22 million (EUR 19,921,537), which was financed with a combination of available cash and the funds from the Bond Issue. The transaction was signed in January 2021 and closed in April 2021.

#### 8.7.2.3 Description of the business

LJG is an SPV which owns 100% of a 20 MWp solar park located in Romania. As the company is an SPV, it does not have separate management or employees. The members of its current board of directors are Vincent Browne and John McQuillan.

LJG has not historically been subject to audit, but key figures from the unaudited financial statements for the financial years 2020 and 2019 are included in the following.

The table below sets out selected data from the LJG's income statement for the years ended 31 December 2020 and 2019.

(In RON)	Year ended 31 December	
	2020	2019
Revenues.....	25,287,632	45,029,228
Cost of sales .....	14,557,508	24,256,913
Gross profit.....	10,730,123	20,772,316
Depreciation.....	11,251,971	11,252,365
Interest expense.....	368,698	1,003,434
Foreign exchange.....	2,394,973	3,384,135
<b>Net income.....</b>	<b>(3,285,519)</b>	<b>5,132,381</b>

The table below sets out selected data from the LGJ's financial position as at 31 December 2020 and 2019.

(In RON)	Year ended 31 December	
	2020	2019
Cash.....	2,485,332	5,916,375
Other Assets .....	1,586,255	8,187,724
Fixed Assets, Net.....	49,929,134	61,177,160
<b>Total Assets.....</b>	<b>54,000,722</b>	<b>75,281,259</b>

#### 8.7.2.4 Significance of the transaction

The acquisition is the Group's second expansion in Romania in 2021 and the largest single solar park the Group has acquired to date. The acquisition provided an additional 20 MWp of solar PV power generation capacity, more than doubling the Group's power capacity in Romania to over 40 MWp. The acquisition represents a 29% increase in the Company's total installed capacity, bringing the current operating portfolio to 65.2 MWp across four countries.

#### 8.7.2.5 Agreements for the benefit of the Group or the targets employees or board members

The Company confirms that no such agreements were entered into in connection with the transaction.

### 8.8 Material borrowings

On 6 January 2021, the Group's subsidiary, Solis Bond Company, completed a bond issue, issuing bonds for an aggregate maximum amount of up to EUR 200 million (the "**Bond Issue**"). The key terms of the bond (the "**Bond**") are as follows:

- The initial bond issue was EUR 110 million;
- Additional bonds may be issued on one or more occasions if conditions are met, up to an additional 90 million;
- The Bond matures in 3 years, on 6 January 2024; and
- All amounts outstanding under the Bond are senior debt obligations of Solis and jointly and severally guaranteed by the Company.

While the Bond is considered the Group's only material borrowing, a complete overview of its current loan facilities is included in the following:

Facility	Interest	Juris-diction	Security	Cove-nants	Short term	Long term	Total	Curren-cy
Solis Bond Co	Euribor + 6.5%, 3 year term	Ireland	Secured on Solis Bond Co Assets	5% cash balance, 25% assets to equity, net debt / 12 months proforma EBITDA 6.5x	110,000,000		110,000 000	EUR
AEG Plc	10%, 3 year term, 50% convertible at 4.00 Euros	Ireland	Secured at the AEG Parent Level	No covenants	9,000,000		9,000,000	EUR
MVP Note for Germany SPV's	12% p.a.	Germany	Secured on Germany assets	No covenants	3,197,005		3,197,005	EUR
PSM 20 - Sparkasse Note	2.1% p.a. - term 18 Years	Germany	Non Recourse, Secured on Germany assets	No covenants	144,456	1,833,075	1,977,531	EUR
GRT 1.1 - DKB Bank	2.05% p.a. - term 19 years	Germany	Non recourse, Secured on Germany assets	No covenants	36,658	636,178	672,836	EUR
PSM 40 - GLS Bank	2.0% p.a. - term 18 years	Germany	Secured on Germany assets	No covenants	130,599	2,042,948	2,173,547	EUR
DKB Construction Loan	1.74% p.a. - term one year	Germany	Secured on Germany assets	No covenants	1,111,327		1,111,327	EUR
Promissory notes payable - ("Swiss Notes")	7.5% p.a.	Altam (US)	Unsecured	No covenants	509,267	-	509,267	USD

## 8.9 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Information Document.

## 9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

### 9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting. The date of the first annual general meeting following the application for the Admission has not been set, but is expected to be on or around October 2021.

The overall management of the Company is vested with its board of directors (the "**Board of Directors**", and each of the members thereof, a "**Board Member**") and its executive management team (the "**Management**"). In accordance with Irish law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties. Among other responsibilities, the directors are responsible for keeping the Company's accounts in accordance with existing Irish legislation and regulations and for managing the Company's assets in a responsible manner.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Irish law and instructions set out by the Board of Directors.

### 9.2 The Board of Directors

#### 9.2.1 General

The Constitution provides that the Board of Directors shall comprise between two and sixteen board members, as elected by the Company's shareholders in an ordinary or extraordinary general meeting (as applicable). The Directors may also appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

The composition of the Board is in compliance with the Irish Companies Act, which states that a public limited company must have a minimum of two directors.

The Company's registered business address, Suite 9-10, Plaza 212, Blanchardstown Corporate Park 2, Dublin 15, D15 PK64, Ireland, serves as business address for the members of the Board of Directors in relation to their directorship of the Company.

#### 9.2.2 The composition of the Board of Directors

The names and positions of the members of the Board of Directors are set out in the table below.

Name	Function	Served since	Term expires	Shares	Options/ warrants held
Vincent Browne .....	Chairman	24 July 2015	N/A	4, 318,954	37,170 <sup>1</sup>
John P. Thomas .....	Director	6 February 2018	N/A	385,500	-
John McQuillan .....	Director	13 December 2018	N/A	94,500	-
Rolf A. Wikborg .....	Director	14 December 2020	N/A	240,000 <sup>2</sup>	-

1 Mr. Browne holds warrants to purchase up to 37,170 Shares in the Company through VestCo Corp. (of which Mr. Browne owns 100% of the shares) exercisable at EUR 3.62 per share and having a four year term which expires in February of 2023.

2 Mr. Wikborg has purchased 240,000 Shares through Wikborg Sons Limited AS, in a private transaction which has not yet been registered.

#### 9.2.3 Brief biographies of the Board Members

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

#### **Vincent Browne, Chairman**

Vincent Browne joined the Group in 2015, bringing a wealth of experience with his extensive background of over 20 years in senior and c-suite level management in the areas of finance and operations, including M&A, project finance

and capital market transactions across listed and private companies. Prior to joining Alternus, Mr. Browne worked in the US public markets as CEO or CFO of OTC listed companies and as a consultant to others involving M&A, spin outs and corporate restructuring. Mr. Browne holds a Bachelor of Commerce (Accounting) degree from University College Dublin.

**John P. Thomas, Director**

As of 6 February 2018, John Thomas was elected as a member of one of the Group's Board of Directors. Mr. Thomas has served in senior operating and management roles in a variety of corporate and public enterprises for over 35 years. Mr. Thomas graduated with a BS in Business Administration from Manhattan College.

**John McQuillan, Director**

As of 13 December 2018, John McQuillan was elected as a member of one of the Group's Board of Directors. Mr. McQuillan has held a variety of executive roles with many companies and numerous independent director positions, with over 15 years of accounting and audit experience. He is a graduate of Trinity College Dublin. Mr. McQuillan is a fellow of Chartered Accountants Ireland and an Associate of the Chartered Institute of Arbitrators in Ireland.

**Rolf A. Wikborg, Director**

As of 14 December 2020, Rolf Wikborg was elected as a member of the Group's Board of Directors. Mr. Wikborg has a Bachelor of Science from UMIST and M.I.C in Marine Law. He spent 2 years in Mexico and 16 years in New York working with capital markets and has been a Director of NYSE and Oslo listed companies.

**9.3 Management**

**9.3.1 General**

As of the date of this Information Document, the Group's senior management team consists of four individuals. The names of the members of the management and their respective positions are presented in the table below.

<b>Name</b>	<b>Position</b>	<b>Employed since</b>	<b>Shares</b>	<b>Options/warrants held</b>
Vincent Browne .....	Chief Executive Officer	24 July 2015	4,318,954	37,170 <sup>1</sup>
Joseph E. Duey .....	Chief Financial Officer	1 October 2018	582,900	-
Taliesin Durant .....	Chief Legal Officer	1 December 2018	459,000	-
Gary Swan .....	Chief Technical Officer	4 May 2021	-	-

<sup>1</sup> Mr. Browne holds warrants to purchase up to 37,170 Shares in the Company through VestCo Corp. (of which Mr. Browne owns 100% of the shares) exercisable at EUR 3.62 per share and having a four year term which expires in February of 2023.

The Company's registered business address, Suite 9-10, Plaza 212, Blanchardstown Corporate Park 2, Dublin 15, D15 PK64, Ireland, serves as business address for the members of the Company's senior management team in relation to their employment with the Company.

**9.3.2 Brief biographies of the management**

**Vincent Browne, Chief Executive Officer**

Vincent Browne joined the Group in 2015, bringing a wealth of experience with his extensive background of over 20 years in senior and c-suite level management in the areas of finance and operations, including M&A, project finance and capital market transactions across listed and private companies. Prior to joining Alternus, Mr. Browne worked in the US public markets as CEO or CFO of OTC listed companies and as a consultant to others involving M&A, spin outs and corporate restructuring. Mr. Browne holds a Bachelor of Commerce (Accounting) degree from University College Dublin.

**Joseph Duey, Chief Financial Officer**

Joseph Duey joined the Group in 2018. Mr. Duey has over 12 years of experience in the development, acquisition, construction and financing of renewable energy assets including key operating management, finance and audit functions and has held CFO roles with various independent power producers focused on developing, acquiring,

owning, and operating clean energy generation. Former CFO with IPP - Green States Energy, and Financial Controller for Power Partners Group (MasTec) that installed over 3.5 GWp of wind assets in the United States as the electrical contractor over a 7-year period and various finance and operations roles with Fortune 500 manufacturing companies. Mr. Duey received an MBA from the University of Illinois and achieved CPA, CMA, CIA, and CFM designations.

#### **Taliesin Durant, Chief Legal Officer**

Taliesin Durant joined the Group in 2018. Prior to that, Ms. Durant spent over 20 years serving in senior operating roles in a variety of US corporate and public enterprises. Ms. Durant graduated with a BA in Economics from Connecticut College. Ms. Durant is a member of the California State Bar Association, having earned a Juris Doctor degree at Northwestern School of Law at Lewis and Clark College, where she was associate editor of the Environmental Law Review, and completed her final year of law school at Santa Clara University School of Law.

#### **Gary Swan, Chief Technical Officer**

Gary Swan joined the Group in 2021 with over 30 years of construction experience working on the design, construction, operation and sale of approximately 1 GWp of renewable energy assets across multiple continents. Previously responsible for the construction of several large-scale wind and solar projects owned by Actis Energy portfolio companies AELA Energia (Chile) and BioTherm Energy (Africa). Prior to this spent 6 years at Mainstream Renewable Power as Head of Construction – responsible for delivering wind and solar projects through the construction phase into operation across Europe, North America, Latin America and Africa. Mr. Swan holds a BAI in Civil, Structural and Environmental Engineering from Trinity College Dublin and an MSc in Project Management from the University College Dublin Michael Smurfit Graduate Business School.

#### **9.4 Share incentive schemes**

No share incentive schemes are currently in place, but the Board of Directors intends to resolved to implement a long term share incentive scheme for employees, consultants and board members of the Company and its subsidiaries following the Admission (the "**Incentive Plan**"). The Incentive Plan will reserve and allow for the issuance of up 2,500,000 shares. The Incentive Plan will be structured in the most tax efficient manner for participants and may require the creation of a different share class specifically and only for such incentive shares. The total shares issuable under the Incentive Plan will represent approximately 8% of the current fully diluted shares of the Company.

#### **9.5 Employees and other consultants**

As of the date of this Information Document, the Group has 25 employees. The table below shows the development in the numbers of full-time employees over the last two years:

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
Number of employees <sup>1</sup> .....	15	12

1 Number of employees stated as the number of employees at the end of each financial year.

#### **9.6 Benefits upon termination**

Mr. Browne's employment agreement has an initial term of five years, until June 2026, after which it renews on an annual basis, unless terminated. If his employment agreement is terminated without cause during the term or there is a change of control event, he has a right to receive severance pay equal to his base salary for five years. Joseph E. Duey's and Taliesin Durant's employment agreements have an initial term until January 2026, after which they renew on an annual basis, unless terminated. If either of these employment agreements are terminated early without cause, Mr. Duey and Mrs. Durant each have a right to receive severance pay equal to one year's base salary and if these employment agreements are terminated due to a change of control event, each have a right to receive severance pay equal to two years base salary.

Other than the above, no employee, including any member of the Company's senior management team, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors will be entitled to any benefits upon termination, but agreements on directorship have been entered into, setting out the members' duties, remuneration and termination of the directorship.

## **9.7 Corporate governance**

The Company is not subject to the Corporate Governance Code, but the Company intends over time to implement the recommendations of the Corporate Governance Code.

## **9.8 Conflicts of interests etc.**

No member of the Board of Directors or Management has, or have had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

The Company notes, however, that there are certain historical items linked to the CEO, Vincent Browne, in connection with his roles in Flint Telecoms and Axiologix. With respect to Flint Telecoms, it was stated in their 2012 annual report that Tangiers Investment had filed a complaint against Flint Telecoms and Mr. Browne, alleging three counts of breach of contract, fraud and deceit relating to share issuance under convertible loan notes, and was seeking damages. The Company and Mr. Browne are unaware that there were any further actions taken regarding the allegations. Axiologix, a company where Mr. Browne was a director from 2012 until 2015, was in 2015 fined EUR 7,500 for a failure to pass over pension deductions in a timely manner for one employee. The failure was due to a misallocation and full payment of the amounts due were paid and received by the pension company on behalf of the respective employee.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

## 10 SHARE CAPITAL AND SHAREHOLDER MATTERS

### 10.1 Corporate information

The Company's legal name is Alternus Energy Group Plc and the Company's commercial name is Alternus Energy. The Company is a public company limited by shares, validly incorporated and existing under the laws of Ireland and in accordance with the Irish Companies Act. The Company is registered in the Irish Business Register with company registration number 642708. The Company was incorporated on 31 January 2019.

The Company's registered business address is Suite 9-10, Plaza 212, Blanchardstown Corporate Park 2, Dublin 15, D15 PK64, Ireland, which is the Group's principal place of business. The telephone number to the Company's principal offices is +353 190 73445 and its website is "<https://www.alternusenergy.com/>".

The Shares are registered as depository receipts in book-entry form with VPS under ISIN IE00BLRPPR89. The Company's register of shareholders in VPS is administrated by the VPS Registrar DNB Verdipapirservice, a part of DNB Bank ASA, Dronning Eufemias gate 30, Oslo, Norway. The Company's LEI-code is 254900ZKBK8Y5Z906E28.

### 10.2 Legal structure

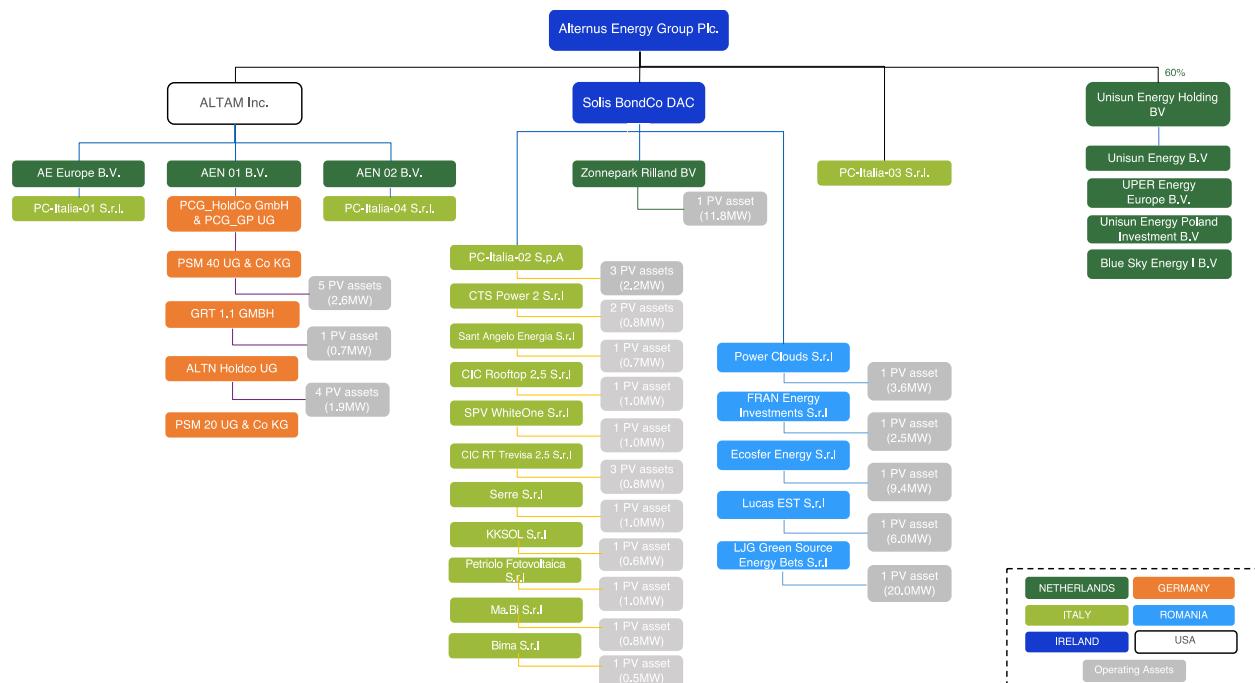
An overview of the Group's organisation is included in Section 7.4 ("Group organisation"). The following table sets out additional brief information about the Company's subsidiaries and other ownership interests at the date of this Information Document.

Company name	Registered office	Activity	Ownership interest	Shareholder
Solis Bond Co .....	Unit 11, Plaza 212, Blanchardstown Corporate Park, D15 PK64, Dublin Ireland	Holding company	100%	Alternus Energy Group Plc
Power Clouds SRL .....	Aviator Mircea Zorileanu Street No. 39, Floor 3, Room 5, District 1, Bucharest, Romania	Special purpose vehicle ("SPV")	100%	Solis Bond Co
F.R.A.N. Energy Investment SRL.....	Aviator Mircea Zorileanu Street No. 39, Floor 3, Room 5, District 1, Bucharest, Romania	SPV	100%	Solis Bond Co
Lucas Est S.r.l. .....	6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District 1, Bucharest, Romania	SPV	100%	Solis Bond Co
Ecosfer Energy S.r.l. .....	6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District 1, Bucharest, Romania	SPV	100%	Solis Bond Co
LJG Green Source Energy Beta S.r.l. .....	Tudor Vladimirescu Boulevard, unit 5, room no 3, 1 <sup>st</sup> Floor, District 5, Bucharest, Romania	SPV	100%	Solis Bond Co
PC-Italia-01 S.R.L.....	Via Battistessa, 10, Caserta 81100, Italy	Sub-holding	100%	AE Europe B.V.
PC-Italia-02 S.p.A.....	Via Battistessa, 10, Caserta 81100, Italy	SPV	100%	Solis Bond Co
Sant' Angelo Energia S.r.l.....	Via Ischia I, 276, Grottamma 63066, Italy	SPV	100%	PC-Italia-02 S.p.A.

PCG_HoldCo GmbH .....	The Squaire 12, Am Flughafen, Frankfurt, 60549 Hessen, Germany	Holding Company	100%	Altam Inc.
PCG_GP UG .....	Lyoner Stern Hahn Str 70, Frankfurt am Main 60528 , Germany	Holding Partnership	100%	Altam Inc.
PSM 20 UG.....	Lyoner Stern Hahn Str 70, Frankfurt am Main 60528 Germany	SPV	100%	PCG_HoldCo GmbH
PSM 40 UG.....	Lyoner Stern Hahn Str 70, Frankfurt am Main 60528, Germany	SPV	100%	PCG_HoldCo GmbH
GRT 1.1 GmbH & Co KG.....	Lyoner Stern Hahn Str 70, Frankfurt am Main 60528, Germany	SPV	100%	PCG_HoldCo GmbH
ALTN HoldCo UG .....	The Squaire 12, Am Flughafen, Frankfurt, 60549 Hessen, Germany	SPV	100%	PCG_HoldCo GmbH
CIC Rooftop 2 S.r.l.....	Via Battistessa, 10, Caserta 81100, Italy	SPV	100%	Solis Bond Co
CIC RT Treviso 2 S.r.l.....	Via Battistessa, 10, Caserta 81100, Italy	SPV	100%	Solis Bond Co
SPV White One S.r.l.....	Via Battistessa, 10, Caserta 81100, Italy	SPV	100%	Solis Bond Co
CTS Power 2 S.r.l.....	Via Battistessa, 10, Caserta 81100, Italy	SPV	100%	Solis Bond Co
Zonnepark Rilland B.V.....	Westblaak 35-104, 3012KD, Rotterdam, Netherlands	SPV	100%	Solis Bond Co
AE Europe B.V. .....	Evert van de Beekstraat 1, -104 The Base B, 1118CL , Schipol, , Netherlands	Holding Company	100%	Altam Inc.
Unisun Energy Holding B.V. ....	Westblaak 35, 3012KD Rotterdam Netherlands	Holding Company	60%	Alternus Energy Group Plc.
Unisun Energy B.V. .....	Westblaak 35, 3012KD Rotterdam Netherlands	Holding Company	100%	Unisun Energy Holding B.V.
Blue Sky Energy I B.V. .....	Westblaak 35, 3012KD Rotterdam Netherlands	Holding Company	100%	Unisun Energy Holding B.V.
Unisun Energy Poland Investment B.V. ..	Westblaak 35, 3012KD Rotterdam Netherlands	Holding Company	100%	Unisun Energy Holding B.V.
Uper Energy Europe B.V. .....	Westblaak 35, 3012KD Rotterdam Netherlands	Holding Company	100%	Unisun Energy Holding B.V.
ALTAM Inc. .....	701 S Carson Street Suite 200, Carson City, 89701, Nevada, United States	Holding Company	100%	Alternus Energy Group Plc
PC-Italia-03 S.r.l. ....	Via Battistessa, 10, Caserta 81100, Italy	Holding Company	100%	Alternus Energy Group PLC.
AEN 01 B.V.....	Evert van de Beekstraat 1, -104 The	Holding Company	100%	Altam Inc.

	Base B, 1118CL , Schipol, , Netherlands		
AEN 02 B.V.....	Evert van de Holding Company Beekstraat 1, -104 The Base B, 1118CL , Schipol, , Netherlands	100%	Altam Inc.
PC-Italia-04 S.r.l. ....	Via Battistessa, 10, Holding Company Caserta 81100, Italy	100%	AEN 02 B.V.
KKSOL S.r.l. ....	Via Battistessa, 10, SPV Caserta 81100, Italy	100%	PC-Italia-03 Srl
Petriolo Fotovoltaica S.r.l. ....	Via Battistessa, 10, SPV Caserta 81100, Italy	100%	PC-Italia-03 Srl
Ma.Bi S.r.l. ....	Via Battistessa, 10, SPV Caserta 81100, Italy	100%	Solis Bond Co
Bima S.r.l. ....	Via Battistessa, 10, SPV Caserta 81100, Italy	100%	Solis Bond Co
Serre S.r.l. ....	Via Battistessa, 10, SPV Caserta 81100, Italy	100%	Solis Bond Co

The following chart sets out the Group's legal structure as of the date of this Information Document:



## 10.3 Share capital and share capital history

### 10.3.1 Overview

As of the date of this Information Document, the Company's authorized share capital is EUR 1,000,000, divided into 100,000,000 shares, each with a par value of EUR 0.01, whereas the issued and outstanding share capital is EUR 261,822.76, divided into 26,182,276 shares, each with a par value of EUR 0.01. All of the Company's shares have been issued under the Irish Companies Act, and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal.

On Euronext Growth, the Shares will be traded in the form of Depository Receipts (*Nw: depotbevis*) that represent the beneficial interests in the underlying Shares. The Depository Receipts will be registered with the VPS in book-

entry form under the name of a "share" and will be traded on Euronext Growth in NOK in the form of Depository Receipts as "shares in Alternus Energy Group Plc". Each Depository Receipt will represent one Share included in the Euroclear Belgium system and the Depository Receipts will have the same par value as the Shares.

Through its nominee in Ireland and Euroclear Belgium, Citibank Europe plc UK Branch, the VPS Registrar will hold the underlying Shares to be registered in the VPS in the form of Depository Receipts in the Euroclear Belgium system. The VPS Registrar will register the beneficial interests representing the relevant Shares in the VPS, which following such registration will reflect the beneficial shareholders, personally or through nominee registrations.

#### 10.3.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Information Document. There has not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Information Document.

Date of registration	Type of change	New issued		Nominal value (EUR)	New number of total issued shares	Subscription price per share
		Change in issued share capital (EUR)	share capital (EUR)			
31 January 2019	New issue	100,000	100,000	1.00	10	EUR 1.00
20 October 2020	New Issue and reduction	(75,010)	24,990	0.01	2,499,000	EUR 0.01
18 December 2020	New issue	977,499	99,749.92	0.01	9,974,992	EUR 0.01
6 January 2021	New issue	1,363,637	236,113.56	0.01	23,611,356	EUR 1.98
25 June 2021	New issue	709.20	236,822.76	0.01	23,682,276	EUR 2.12
25 June 2021	New issue	25,000	261,822.76	0.01	26,182,276	NOK 28

## 10.4 The Depository Receipts

### 10.4.1 Introduction

The VPS Registrar will issue and deliver the Depository Receipts to the holders of the Depository Receipts. Holders of Depository Receipts will not have direct shareholder rights as the nominee of the VPS Registrar will be the registered owner of the underlying financial instruments of the Depository Receipts, i.e. the relevant Shares.

Please note that the Depository Receipts represents the beneficial interests in the Shares and that this may not be consistent with terminology used elsewhere when referring to "depository receipts". More specifically, the Depository Receipts do not have a separate ISIN and will not constitute depository receipts as this term is used in the Central Securities Depositories Regulation (Regulation (EU) No 909/2014, the "CSDR"), which is expected to be implemented into Norwegian law towards the end of 2021. The implementation of CSDR or any use of the term "depository receipts" in other laws and regulations does not change the legal status of the Depository Receipts and will not result in any right or obligation to exchange the Depository Receipts into a different type of financial instrument.

The rights and obligations of the VPS Registrar is described further in Section 10.4.6.2 ("The Registrar Agreement").

### 10.4.2 Issuance

The VPS Registrar will issue and deliver the Depository Receipts to the holders registered with the VPS, in accordance with the Norwegian Act on Registration of Financial Instruments of 5 July 2002 no. 64. All Depository Receipts will be issued and registered in book-entry form through the VPS system and holders of Depository Receipts may obtain statements, showing the number of Depository Receipts held, online or through the VPS account operator who maintains the holder's VPS account.

### 10.4.3 Record dates

The Company may fix a record date for the determination of the holders of Depository Receipts who will be entitled to receive any distribution on or in respect of the Shares, to give instructions for the exercise of any voting rights,

to receive any notice or to act in respect of other matters and only such holders of Depository Receipts at such record date will be so entitled or obligated. The VPS Registrar may fix the same.

#### *10.4.4 Voting rights*

Each Share underlying a Depository Receipt carries one vote. Although the Depository Receipts do not carry voting rights, holders of Depository Receipts may instruct the VPS Registrar to vote on the Shares underlying their Depository Receipts, subject to any applicable provisions of Irish law. The Company will furnish voting materials to the VPS Registrar and the VPS Registrar will notify the holders of Depository Receipts of the upcoming vote and arrange to deliver the Company's voting materials to the holders of Depository Receipts. Otherwise, holders of Depository Receipts will not be able to exercise the voting rights attached to the underlying Shares unless the steps outlined in Section 10.4.6.3 ("Transfer of Depository Receipts") are followed. The VPS Registrar's notice will describe the information in the voting materials and explain how holders of Depository Receipts may instruct the VPS Registrar to vote the underlying Shares.

The VPS Registrar will only vote or attempt to vote as the holders of Depository Receipts instruct. The VPS Registrar itself will not exercise any voting rights.

#### *10.4.5 Change or alterations of the share capital*

In the event of any change or alteration of the share capital of the Company all necessary amendments to the Depository Receipts shall be made in the VPS system.

#### *10.4.6 VPS registration of the Depository Receipts*

##### *10.4.6.1 Introduction*

In order to facilitate registration of the Depository Receipts in the VPS, the Company has entered into a deposit and registrar agreement (the "**Registrar Agreement**") with the VPS Registrar, which administers the Company's VPS register.

Pursuant to the Registrar Agreement, Citibank Europe plc UK Branch, which is the nominee of the VPS Registrar, is registered as the holder in the Euroclear Belgium system of the Shares for which Depository Receipts are issued. The VPS Registrar registers the Depository Receipts in book-entry form in the VPS. Therefore, it is not the underlying Shares, but the beneficial interests in such Shares in book-entry form, that are registered with the VPS.

At the date of this Prospectus, there is one class of Depository Receipts. The Depository Receipts have ISIN IE00BLRPRP89.

The Registrar Agreement is subject to Norwegian law and, accordingly, the Depository Receipts will be established under Norwegian law. Each Depository Receipt registered with the VPS will represent the beneficial ownership of one Share. The Depository Receipts are freely transferable, with delivery and settlement through the VPS system. The Depository Receipts will be priced and traded in NOK on Euronext Growth.

##### *10.4.6.2 The Registrar Agreement*

Pursuant to the Registrar Agreement, the VPS Registrar will register the Depository Receipts with the VPS. The holders of Depository Receipts must look solely to the VPS Registrar for the payment of dividends, for the exercise of voting rights attached to the Shares underlying the Depository Receipts and for all other rights arising in respect of the Depository Receipts. In order to exercise any rights directly as shareholder, a holder of Depository Receipts must retire his or her Depository Receipts with the VPS in exchange for Shares and has the right to do so. The VPS Registrar will assist with establishing a market practice conversion program which will enable the holders of Shares and Depository Receipts to exchange the Shares with Depository Receipts within a standard VPS settlement period (T+2). Holders of Depository Receipts who wish to retire their Depository Receipts in the VPS are advised to contact a bank or a broker for further assistance.

The Company will pay dividends directly to the VPS Registrar, which in turn has undertaken to distribute the dividends and other declared distributions to the holders of Depository Receipts in accordance with the Registrar Agreement. Please see Section 5.3 ("Manner of dividend payment to holders of Depository Receipts") for further information.

The VPS Registrar will not hold any right to share in profits and any liquidation surplus which are not passed on to the holders of the Depository Receipts. The VPS Registrar shall not attend nor vote at a General Meeting, other than pursuant to an instruction from the holders of Depository Receipts.

The VPS Registrar is only liable for any direct loss suffered by the Company as a result of breach of contract. Each of the Company and the VPS Registrar may terminate the Registrar Agreement at any time with a minimum of three months' prior written notice, or immediately upon written notice of a material breach by the other party of the Registrar Agreement. In the event that the Registrar Agreement is terminated, the Company will use its reasonable best efforts to enter into a replacement agreement for purposes of permitting the uninterrupted trading of the Depository Receipts on Euronext Growth.

#### 10.4.6.3 Transfer of Depository Receipts

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered owner irrespective of any beneficial ownership. To give effect to such entries, the individual security holder must establish a VPS securities account with a Norwegian VPS account operator. Norwegian banks, Norges Bank (being the Central Bank of Norway), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as VPS account operator.

The entry of a transaction in the VPS is *prima facie* evidence under Norwegian law in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security.

Shareholders who hold Shares through the Euroclear Belgium system and wish to exchange these Shares into corresponding Depository Receipts in the VPS must instruct and authorize the VPS Registrar to receive such Depository Receipts. Upon the VPS Registrar's receipt of the Shares (through its nominee), the Depository Receipts will be issued by the VPS Registrar and delivered to the VPS account of the relevant holder. Holders of Depository Receipts who wish to exchange their Depository Receipts in the VPS into Shares held through Euroclear Belgium, must advise the VPS Registrar to deliver and transfer the Depository Receipts to an intermediary VPS account of the VPS Registrar and they will then receive the corresponding number of Shares upon the VPS Registrar's receipt of instructions on delivery.

The VPS is liable for any loss suffered as a result of faulty registration or amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian Financial Supervisory Authority on an ongoing basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

## 10.5 Ownership structure

As of the date of this Information Document, the Company's 20 largest shareholders are as set out below.

#	Shareholder	Number of Shares	Per cent of share capital
1	Browne, Vincent <sup>1</sup>	4,318,954	16.50%
2	Goldman Sachs & Co. LLC	3,175,074	12.13%
3	Skandinaviska Enskilda Banken AB, Nominee	1,297,230	4.95%
4	TELENERGIA EUROPE S.R.L.	1,152,108	4.40%
5	Skandinaviska Enskilda Banken AB, Nominee	1,150,000	4.39%
6	SPESIALFONDET KLP ALFA GLOBAL ENER	1,125,000	4.30%
7	State Street Bank and Trust Comp	964,867	3.69%

<b>8</b>	ROSENFONN INVEST AS	799,262	3.05%
<b>9</b>	GAIA ENERGY S.R.L.	600,000	2.29%
<b>10</b>	Duey, Joseph	582,900	2.23%
<b>11</b>	Blackcrane Capital Llc	550,000	2.10%
<b>12</b>	State Street Bank and Trust Comp	549,012	2.10%
<b>13</b>	Morgan Stanley & Co. LLC	544,925	2.08%
<b>14</b>	T.D. VEEN AS	525,000	2.01%
<b>15</b>	MATSER	478,962	1.83%
<b>16</b>	Durant, Taliesin	459,000	1.75%
<b>17</b>	Thomas, John Paul	385,500	1.47%
<b>18</b>	Skandinaviska Enskilda Banken AB, Nominee	381,346	1.46%
<b>19</b>	LUDVIG LORENTZEN AS	435,000	1.66%
<b>20</b>	O'Brien, Jean Marc	374,922	1.43%
<b>Total top 20 .....</b>		19,849,062	75.81%
<b>Others.....</b>		6,333,214	24.19%
<b>Total .....</b>		26,182,276	100%

1 Held personally and through his wholly owned company VestCo Corp.

As of the date of this Information Document, no shareholders other than Vincent Browne (16.50%) and Goldman Sachs & Co. (nominee account) (12.13%) hold more than 5% of the issued Shares.

As of the date of this Information Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

## **10.6 Authorisations**

### *10.6.1 Authorisation to allot*

The Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot "relevant securities" within the meaning of section 1021 of the Companies Act. "Relevant securities" means both (a) shares in the Company other than shares shown in the memorandum to have been taken by the subscribers thereto or shares allotted in pursuance of an employees' share scheme; and (b) any right to subscribe for, or to convert any security into, shares in the Company other than shares so allotted.

The maximum amount of relevant securities which may be allotted shall be the amount of the authorised but unissued ordinary shares in the Company.

### *10.6.2 Authorisation to acquire treasury shares*

As at the date of this Information Document, the Board of Directors does not hold any authorisations to acquire treasury shares.

## **10.7 Financial instruments**

Other than as set out in Section 9.4 above, neither the Company nor any of the Company's subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries, other than as follows:

### **Warrants**

As of the date of this Information Document, warrants to purchase up to 783,197 shares of ordinary stock were issued and outstanding, having 4 year terms and a weighted average exercise price of USD 2.12 per share.

### **Convertible Notes**

In March 2021, the Company entered into USD 11 million (EUR ~9 million and NOK ~90 million) secured convertible loan notes (the "**Notes**"). The Notes have a 3-year term and accrues annual interest at a 10% fixed rate, payable in

cash every six months during the term. The Notes are secured by a floating charge security over all of the property and assets of the Company, with the exception of the AEG ownership of Solis BondCo DAC, as was the case with the existing note being settled.

All outstanding principal plus a premium of 120% is due 3 years from the date of issuance. The Company is entitled, at its sole option, to prepay the Notes at a reduced premium of 110% on the second anniversary of the issuance. Between 31 August 2021 and 9 March 2023, the holders have the option to convert up to a total of 50% of the principal amount of the Notes into shares of the Company's ordinary shares at a price of EUR 4.00 per share which would see the Company issue 1,125,000 shares if exercised. If at any time, the market price of the Company's ordinary shares is greater than EUR 8.00 per share for 30 consecutive trading days, the Company is entitled to prepay the notes at 110% premium for any unconverted capital.

## **10.8 Shareholder rights**

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each share carries one vote. The rights attached to the Shares are further described in Section 10.9 ("The Constitution") and Section 10.10 ("Certain aspects of Irish corporate law").

## **10.9 The Constitution**

The Constitution is enclosed in Appendix A to the Information Document. Below is a summary of the provisions of the Constitution as of 24 February 2021.

### *10.9.1 Objective of the Company*

Pursuant to section 3, the objective of the Company is to carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's board of directors and to exercise its powers as a member or shareholder of other companies.

### *10.9.2 Share capital and par value*

Pursuant to section 5, the Company's authorized share capital is EUR 1,000,000 divided into 100,000,000 ordinary shares, each with a nominal value of EUR 0.01.

### *10.9.3 The board of directors*

Pursuant to section 54, the Board of Directors shall consist of between two and sixteen members, according to the shareholders' decision in a general meeting of the Company and/or as appointed by the Board of Directors.

### *10.9.4 Restrictions on transfer of Shares*

Pursuant to sections 4 and 17, the Shares are freely transferable.

### *10.9.5 Allotment of Shares*

The Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot "relevant securities" within the meaning of section 1021 of the Companies Act. "Relevant securities" means both (a) shares in the Company other than shares shown in the memorandum to have been taken by the subscribers thereto or shares allotted in pursuance of an employees' share scheme; and (b) any right to subscribe for, or to convert any security into, shares in the Company other than shares so allotted.

No shares may be allotted by the Company unless such shares to be allotted are comprised in the authorised but unissued share capital of the Company.

The maximum amount of relevant securities which may be allotted shall be the amount of the authorised but unissued ordinary shares in the Company. The authority to allot shall expire on the date which is five years after the date of incorporation of the Company (i.e. five years following 31 January 2019) unless and to the extent that such authority is renewed, revoked or extended prior to such date

#### *10.9.6 Disapplication of Pre-Emption Rights*

Section 8(d) of the Constitution give the directors a general power to allot shares without being bound by the statutory pre-emption requirements either in whole or in part. The power ceases to have effect when the directors' power to allot expires or is revoked and, if conferred by resolution, will require a further resolution to revive it.

Pursuant to Section 8(d) of the Constitution, the Directors are empowered (pursuant to sections 1022 and 1023(1) of the Companies Act) to allot "equity securities" within the meaning of Section 1022 of the Companies Act for cash pursuant to the general authority to allot referred to above, as if the statutory pre-emption rights provided for pursuant to section 1022(1) of the Companies Act did not apply to any such allotment.

The requirement arises in respect of 'relevant securities' which, for these purposes, means shares in the Company (other than subscriber shares or shares allotted under an employee share scheme) and any right to subscribe for, or to convert any security into, shares in the Company other than shares so allotted, and the grant of such a right is considered an allotment of relevant securities rather than the allotment of shares pursuant to that right.

#### *10.9.7 Voting Rights*

Each share carries one vote. The Constitution provides that at any general meeting of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded.

#### *10.9.8 General meetings*

Documents relating to matters to be dealt with by the Company's general meeting, including documents which pursuant to law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are sent to him/her.

The annual general meeting shall deal with and decide the following matters:

- Approval of the annual accounts and the annual report, including distribution of dividend; and
- Any other matters, which according to law or the Constitution fall within the responsibility of the general meeting.

### **10.10 Certain aspects of Irish corporate law**

#### *10.10.1 General meetings*

Through the general meeting, shareholders exercise authority over the key corporate functions and decisions of an Irish company. In accordance with Irish law, the annual general meeting of shareholders ("AGM") is required to be held once in every calendar year with no more than fifteen months elapsing between AGMs. Irish law requires that a written notice of AGM setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no less than seven days before the AGM is due to be held, unless the company's constitution stipulates a longer deadline, which is not currently the case for the Company.

All general meetings, other than the AGM, are deemed to be an extraordinary general meeting ("EGM"). Notice must be given of each general meeting to every shareholder, director and the secretary of the company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Irish law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the AGM, EGMs may be held if shareholders representing at least 10% of the share capital demand such in writing. The requirements for notice and admission to the AGM also apply to EGMs.

#### *10.10.2 Voting rights – amendments to the Constitution*

Each Share carries one vote. In general, decisions shareholders are entitled to make under Irish law or the Constitution may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Irish law, certain decisions, including (but not limited to) resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Constitution, to authorize an increase or reduction of the share capital, must receive the approval of at least 75% of the votes cast by the members entitled to vote at the general meeting in question. Moreover, Irish law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares.

No shareholder shall be entitled to vote at any general meeting of a company unless all calls or other sums immediately payable by him or her in respect of shares in the company have been paid.

Unless the Constitution provides otherwise, the minimum quorum requirement is two shareholders present or by proxy and shareholders may also approve resolutions by way of written resolutions.

#### *10.10.3 Additional issuances and preferential rights*

Under Irish law, shareholders have pre-emption rights to subscribe for new shares issued by Irish public limited companies. The pre-emption rights may be deviated from by a special resolution of the shareholders passed with the same vote required to amend the Constitution. Such pre-emption rights have been disallowed for the shareholders of the Company pursuant to its Constitution.

The general meeting may, by ordinary resolution, authorize the board of directors to issue new shares. Such authorisation may be effective for a maximum of five years. For the Company, this authority applies for a five year period from 1 January 2019.

Under Irish law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding shares.

#### *10.10.4 Minority rights*

Irish law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Irish courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

#### *10.10.5 Rights of redemption and repurchase of shares*

The share capital of the Company may be reduced by reducing the nominal value of the shares or by cancelling shares. Such a decision requires the approval of at least 75% of the votes cast by the members entitled to vote. Redemption of individual shares requires the consent of the holders of the shares to be redeemed. Furthermore, the Irish Companies Act provides for a Summary Approval Procedure to be followed in relation to a reduction of an Irish company's capital which requires a declaration to be made by the directors' and an independent auditors' report.

The Company may purchase its own shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least 75% of the votes cast by the members entitled to vote.

The nominal value of the Company's allotted share capital must not be less than EUR 25,000, at least 25% of which must be paid up.

#### *10.10.6 Shareholder vote on certain reorganizations*

A decision of the Company's shareholders to merge with another Irish company requires a resolution by the general meeting passed by at least 75% of votes cast by the members entitled to vote. A merger plan signed by the board of directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Constitution stipulate that, made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

#### *10.10.7 Liability of board members*

Board members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duties require that the board members act in the best interests of the Company when exercising their functions and exercise a general duty of good faith in whatever the director considers to be in the interest of the Company.

#### *10.10.8 Indemnification of board members*

Neither Irish law nor the Constitution contain any provision concerning indemnification by the Company of the directors. The Company is permitted to purchase insurance for the directors against certain liabilities that they may incur in their capacity as such.

#### *10.10.9 Distribution of assets upon liquidation*

Under Irish law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least 75% of the votes cast by shareholders entitled to vote. In the event of liquidation, the shares rank equally in the event of a return on capital.

### **10.11 Dividend policy**

Pursuant to the Irish Companies Act, dividends may only be declared to the extent that the Company has profits available for distribution and the Board of Directors recommends such a dividend. As the Company's ability to pay dividends is dependent on the availability of profits available for distribution, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. See Section 5 "Dividends and dividend policy" for more information on the Company's dividend policy.

### **10.12 Takeover bids and forced transfers of shares**

The Company is not subject to the takeover rules and substantial acquisition rules in Irish law contained in the Irish Takeover Panel Act 1997.

## **11 TAXATION**

*The following is a general summary of the main Irish tax considerations applicable to certain shareholders who are the owners of ordinary shares. It is based on existing Irish law and the Company's understanding of the practices of the Irish Revenue Commissioners on the date of this Prospectus. Legislative, administrative or judicial changes may modify the tax consequences described below. The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to ordinary shares that are held as capital assets and does not apply to all categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes or shareholders who have, or who are deemed to have, acquired their shares by virtue of an office or employment. This summary is not exhaustive and shareholders and prospective investors should consult their own tax advisors as to the tax consequences in Ireland, or other relevant jurisdictions of the capital raise. The Company does not take any responsibility for the taxation of the shareholders or any other third parties.*

### **11.1 Irish taxation**

#### *11.1.1 Taxation of dividends*

##### *11.1.1.1 Withholding tax on dividends*

The Company will withhold dividend withholding tax at the standard rate of income tax (currently 25%) from dividend payments and other profit distributions by the Company to shareholders who do not meet any of the exemptions set out below.

##### *11.1.1.2 Irish taxation of shareholders who are Irish resident and/or ordinarily resident individuals*

Irish resident shareholders who are individuals will be subject to income tax at the marginal rate, social security and the universal social charge depending on their circumstances on the aggregate of the net dividend received and the withholding tax deducted.

Subject to certain exceptions, the Company is required to apply dividend withholding tax at source at the standard rate (currently 25%) on dividends paid to Irish resident and/or ordinarily resident individual shareholders. The Company should provide the shareholder with a certificate setting out the gross amount of the dividend, the amount of tax withheld, and the net amount of the dividend.

##### *11.1.1.3 Irish taxation of shareholders who are Irish resident companies*

An Irish resident shareholder which is a company will not be subject to Irish corporation tax on dividends received from the Company and tax will not be withheld at source by the Company provided the appropriate declaration is validly made and provided to the Company in advance of payment of the dividend.

A company which is a close company, as defined under Irish legislation, may be subject to a corporation tax surcharge on such dividend income to the extent that it is not distributed within the appropriate time frame.

##### *11.1.1.4 Irish taxation of certain other Irish resident shareholders*

Shareholders who are Irish approved pension funds or Irish approved charities are generally exempt from tax on their dividend income and will not have tax withheld at source by the Company from dividends, provided the appropriate declaration is validly made.

##### *11.1.1.5 Irish taxation of shareholders who are not resident for tax purposes in Ireland*

Certain non-resident shareholders will not be within the charge to Irish income or corporation tax on dividends from the Company and may be exempt from dividend withholding tax on the basis that the distribution is made to:

- a resident of a foreign country with which Ireland has a tax treaty;
- a resident of an EU Member State (other than Ireland);
- a company not resident in Ireland which is ultimately controlled by a resident of a tax treaty country or an EU Member State (other than Ireland); or
- a company if its principal class of share is substantially and regularly traded on a recognised stock exchange in a tax treaty country or Member State.

In each case, an appropriate declaration must be made and provided to the Company in advance of payment of the dividend in addition to evidence of entitlement to exemption provided. However, non-Irish resident corporate shareholders who are controlled by Irish residents, or non-Irish resident individual shareholders who remain ordinarily resident in Ireland, may continue to be taxed in Ireland.

#### *11.1.2 Taxation of Capital Gains*

The shares of the Company constitute chargeable assets for Irish Capital Gains Tax ("CGT") purposes and accordingly, shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax the proceeds received less the sum of the base cost of their shares of the Company plus any incidental selling expenses on a disposal of shares of the Company. The Irish CGT rate is currently 33%.

An Irish resident individual, who is a shareholder who ceases to be an Irish resident for a period of less than five years and who disposes of ordinary shares during that period, may in certain circumstances be liable, on a return to Ireland, to CGT on any gain realised.

A shareholder which is a company may qualify for the participation exemption from Irish CGT if certain conditions are satisfied.

Non-Irish residents will not be liable to CGT in Ireland, as the Company's shares are quoted on a stock exchange, unless such persons are either ordinarily resident in Ireland or hold the Company shares in connection with a branch or agency carried on in Ireland.

#### *11.1.3 Taxation of capital acquisitions*

Capital Acquisitions Tax ("CAT") covers both gift tax and inheritance tax. Irish CAT may be chargeable on an inheritance or a gift of Company shares as such shares would be considered Irish property, notwithstanding that the gift or inheritance is between two non-Irish resident and non-ordinarily Irish resident individuals. The current rate of CAT is 33 per cent. Shareholders should consult their tax advisors with respect to the CAT implications of any proposed gift or inheritance of Company shares.

#### *11.1.4 Stamp duty*

Transfers or sales of Company shares are currently subject to ad valorem stamp duty. This is generally payable by the purchaser. The Irish rate of stamp duty on shares is currently 1% of the greater of the market value of the shares, or consideration paid. The Irish rate of stamp duty is currently 7.5% where the Company shares derive their value, or greater part of their value, from Irish commercial land and buildings.

## 11.2 Norwegian taxation

This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Norwegian Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The summary below assumes that the Company is incorporated and tax resident in Ireland, and that the Company is genuinely established in and conducts genuine business activities in Ireland. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares.

Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Norwegian Shareholders refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in Ireland, where the Company is resident, and the tax legislation in the jurisdiction in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

### 11.2.1 Norwegian shareholders

#### 11.2.1.1 Taxation of dividends

##### **Norwegian Corporate Shareholders**

Corporate shareholders (i.e. limited liability companies and similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares comprised by the Norwegian participation exemption is subject to tax as ordinary income (22% flat rate as of 2021), implying that such dividends are effectively taxed at a rate of 0.66%. The shares in a non-Norwegian company, such as the Company, will be comprised by the Norwegian participation exemption provided that the Company is a limited liability company (or a similar entity) which is incorporated and performs genuine economic activity within the EEA.

For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

##### **Norwegian Individual Shareholders**

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (*Nw.: statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("**unused allowance**") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

If certain requirements are met, Norwegian Individual Shareholders are entitled to a tax credit in the Norwegian tax for withholding tax imposed on the dividends distributed in the jurisdiction where the Company is resident for tax purposes. However, any tax exceeding the withholding tax rate according to an applicable tax treaty with the country in which the Company is resident will not be deductible.

The Shares will not qualify for Norwegian share saving accounts (*Nw.: aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs or Euronext Expand).

#### 11.2.1.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

#### **Norwegian Corporate Shareholders**

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares comprised by the Norwegian participation exemption are tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such shares are not tax deductible for Norwegian Corporate Shareholders. The shares in a non-Norwegian company, such as the Company, will be comprised by the Norwegian participation exemption provided that the Company is a limited liability company (or a similar entity) which is incorporated and performs genuine economic activity within the EEA.

#### **Norwegian Individual Shareholders**

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before being taxed at a rate of 22% (resulting in an effective tax rate of 31.68%). Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred in connection with the acquisition or realization of the Share. From a capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to "Taxation of dividends — Norwegian Individual Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

The Shares will not qualify for Norwegian share saving accounts (*Nw.: aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs).

#### 11.2.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 55% of the assumed sales value of the Shares as of 1 January of the tax assessment year (i.e. the year following the relevant fiscal year) unless otherwise requested by the shareholder.

If requested by the shareholder, the value for assessment purposes may instead be equal to the total tax value of the Company as of 1 January of the year before the tax assessment year, or if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the value for assessment purposes for the Shares may be equal to 55% of the total tax value of the Company as of 1 January of the tax assessment year. In order to request such valuation, the shareholder must be able substantiate the total tax value of the Company.

The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55%).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

### *11.2.2 Non-Norwegian Shareholders*

#### **11.2.2.1 Taxation of dividends**

As a general rule, dividends received by non-Norwegian tax resident shareholders from shares in non-Norwegian companies are not subject to Norwegian taxation unless the Non-Norwegian Shareholder holds the shares in connection with the conduct of a trade or business in Norway.

#### **11.2.2.2 Taxation of capital gains**

As a general rule, capital gains or loss derived from the sale or other disposal of shares in a Non-Norwegian company by a Non-Norwegian Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Shareholder holds the shares in connection with business activities carried out or managed from Norway.

## **12 SELLING AND TRANSFER RESTRICTIONS**

### **12.1 General**

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

### **12.2 Selling restrictions**

#### *12.2.1 United States*

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

#### *12.2.2 United Kingdom*

No Shares have been offered or will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Advisor for any such offer; or
- c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 ("FSMA")

provided that no such offer of the Shares shall result in a requirement for the Company or the Euronext Advisor to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Growth Advisor has represented, warranted and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

#### 12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the EEA have Shares been offered and in no Relevant Member State will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

- a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State; or
- c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

#### 12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

### 12.3 Transfer restrictions

#### 12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.
- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.
- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.
- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.
- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.
- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.
- The purchaser acknowledges that the Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.
- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.
- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.
- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.
- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective

registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.
- The purchaser will not deposit or cause to be deposited such Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.
- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.
- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.
- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- The purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

#### *12.3.2 European Economic Area*

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisor and the Company that:

- a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and
- b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

## **13 ADDITIONAL INFORMATION**

### **13.1 Admission to Euronext Growth**

On 16 June 2021, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 30 June 2021.

Other than the Bonds, neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

### **13.2 Information sourced from third parties and expert opinions**

In this Information Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Information Document.

### **13.3 Independent auditor**

The Company's independent auditor is Mazars (business registration number 638856, and registered business address at Block 3 Harcourt Centre, Harcourt Road Dublin 2, Ireland). The partners of Mazars are members of Chartered Accountants of Ireland. Mazars has been the Company's independent auditor since 19 January 2021. Patrick Lane & Co was the Company's independent auditor since its incorporation on 31 January 2019 to 18 January 2021.

Neither Mazars nor Patrick Lane & Co has audited, reviewed or produced any report on any other information in this Information Document.

### **13.4 Advisors**

The Company has engaged Arctic Securities AS (business registration number 991 125 175, and registered business address at 0161 Oslo, Norway) as the Euronext Advisor.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Haakon VIIIs gate 10, N-0116 Oslo, Norway) is acting as the legal counsel to the Company.

## 14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

Admission .....	The admission to trading of the Company's shares on Euronext Growth.
AGM .....	Annual general meeting of shareholders.
Altam .....	Altam Inc.
Information Document .....	This Information document, dated 30 June 2021.
Alternus .....	The Company.
Appropriate Channels for Distribution .....	Has the meaning ascribed to such term under "Important Information".
Constitution .....	Constitution of the Company as of 24 February 2021.
Board of Directors .....	The board of directors of the Company.
Board Members .....	The members of the Board of Directors.
CEO .....	Chief Executive Officer.
Company .....	Alternus Energy Group Plc.
Constitution .....	The Company's constitution.
Corporate Governance Code .....	The Norwegian Code of Practice for Corporate Governance last updated 17 October 2018.
Depository Receipts .....	The depository receipts (Nw.: depotbevis) that represent the beneficial interests in the underlying Shares.
Developer Agreements .....	The Group's strategic developer contracts.
EEA .....	European Economic Area.
EGM .....	Extraordinary general meeting of shareholders.
EPC .....	Engineering, procurement and construction.
Euronext Advisor .....	Arctic Securities AS.
Euronext Growth .....	The multilateral trading facility for equity instruments operated by Oslo Børs ASA.
Euronext Growth Admission Rules .....	Admission to trading rules for Euronext Growth as of April 2020.
Euronext Growth Content Requirements ....	Content requirements for Information Documents for Euronext Growth as of March 2020.
EU Prospectus Regulation .....	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
EUR .....	Euro, the lawful common currency of the Member States who have adopted the Euro as their sole national currency.
FSMA .....	The Financial Services and Markets Act 2000.
Financial Statements .....	The audited consolidated financial statements of the Group prior to the Reorganization, for the year ending 31 December 2019 and after the Reorganization, for the year ending 31 December 2020, prepared in accordance with US GAAP.
FiTs .....	Feed-in-Tariffs.
CAT .....	Capital Acquisitions Tax.
CGT .....	Irish Capital Gains Tax.
CSDR .....	The Central Securities Depositories Regulation (Regulation (EU) No 909/2014).
Foreign Corporate Shareholders .....	Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities).
Foreign Individual Shareholders .....	Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders).
GC .....	Green certificates.
General Meeting .....	A general meeting of the Company's shareholders.
Group .....	The Company together with its subsidiaries.
IFRS .....	International Financial Reporting Standards.
Incentive Plan .....	The long term share incentive scheme for employees, consultants and board members of the Company and its subsidiaries that the Board of Directors intends to resolved to implement following the Admission.
Information Document .....	This information document.
Interim Accounts .....	The Group's unaudited consolidated interim statements for the three months period ended 31 March 2021.
IPP .....	Integrated independent power producer.
Irish Accounting Act .....	The Companies (Accounting) Act of 2017.
Irish Companies Act .....	The Irish Companies Act of 2014.
January Private Placement .....	The private placement completed in January 2021, consisting of a share capital increase for a total amount of NOK 281.3 million, by issuing 13,636,364 Shares,

	with a nominal value of EUR 0.01 each, at a subscription price of NOK 20.6 per Share.
June Private Placement .....	The private placement completed in June 2021, consisting of a share capital increase for a total amount of NOK 70 million, by issuing 2,500,000 Shares, with a nominal value of EUR 0.01 each, at a subscription price of NOK 28 per Share.
LEI .....	Legal Entity Identifier.
LGJ .....	LJG Green Source Energy Beta S.R.L
Management .....	The members of the Group's senior management.
Marcum .....	Marcum, LLP.
NECP .....	National Energy and Climate Plan
MiFID II .....	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements .....	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Negative Target Market .....	Has the meaning ascribed to such term under "Important Information".
Notes .....	The USD 11 million (EUR ~9 million and NOK ~90 million) secured convertible loan notes issued in March 2021.
NOK .....	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Resident Shareholders .....	Shareholders who are not resident in Norway for tax purposes.
Norwegian Corporate Shareholders .....	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders .....	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Securities Trading Act .....	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (Nw.: <i>verdipapirhandelloven</i> ).
Norwegian Securities Trading Regulation .....	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (Nw.: <i>verdipapirforskriften</i> ).
Norwegian Shareholders .....	Shareholders who are resident in Norway for tax purposes.
O&M .....	Operations and maintenance.
Oslo Børs (or OSE) .....	Oslo Børs ASA.
Patrick Lane .....	Patrick Lane & Co, the Company's previous independent auditor.
PCH .....	Power Clouds Holdings Pte. Ltd.
Positive Target Market .....	Has the meaning ascribed to such term under "Important Information".
PPAs .....	Power purchase agreements.
Private Placements .....	The January Private Placement and the June Private Placement.
Relevant Member State .....	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
Registrar Agreement .....	The registrar agreement with the VPS Registrar.
Reorganization .....	The reorganization described in Section 7.4.4.
RON .....	Romanian leu, the currency of Romania.
Shares (or Share) .....	Means the shares of the Company, each with a nominal value of EUR 0.01, or any one of them.
Target Market Assessment .....	Negative Target Market together with the Positive Target Market.
US GAAP .....	United States generally accepted accounting principles.
United States (or US) .....	The United States of America.
US Securities Act .....	The US Securities Act of 1933 (as amended).
Vestco .....	VestCo Corp.
VPS .....	The Norwegian Central Securities Depository (Nw.: <i>Verdipapirsentralen</i> ).
VPS Registrar .....	DNB Bank ASA, DNB Markets Registrars department.

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**APPENDIX A**  
**THE CONSTITUTION**

**COMPANIES ACT 2014**  
**PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**  
**OF**  
**ALTERNUS ENERGY GROUP PUBLIC LIMITED COMPANY**

- 1 The name of the Company is ALTERNUS ENERGY GROUP PUBLIC LIMITED COMPANY.
- 2 The Company is a public limited company, registered under Part 17 of the Companies Act 2014.
- 3 The objects for which the Company is established are:
  - 3.1 To carry on the business of a holding company and to co-ordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed expedient by the Company's board of directors and to exercise its powers as a member or shareholder of other companies.
  - 3.2 To acquire shares, stocks, debentures, debenture stock, bonds, obligations and securities by original subscription, tender, purchase, exchange or otherwise and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof
  - 3.3 To facilitate and encourage the creation, issue or conversion of and to offer for public subscription debentures, debenture stocks, bonds, obligations, shares, stocks, and securities and to act as trustees in connection with any such securities and to take part in the conversion of business concerns and undertakings into companies.
  - 3.4 To purchase or by any other means acquire any freehold, leasehold or other property and in particular lands, tenements and hereditaments of any tenure, whether subject or not to any charges or encumbrances, for any estate or interest whatever, and any rights, privileges or easements over or in respect of any property, and any buildings, any assets, works, roads, machinery, plant and/or any real or personal property or rights whatsoever which may be necessary for, or may conveniently be used with, or may enhance the value or property of the Company, and to hold or to sell, let, alienate, mortgage, charge or otherwise deal with all or any such freehold, leasehold, or other assets, property, lands, tenements or hereditaments, rights, privileges or easements.
  - 3.5 To sell or otherwise dispose of any of the property or investments of the Company.
  - 3.6 To establish and contribute to any scheme for the purchase of shares in the Company to be held for the benefit of the Company's employees and to lend or otherwise provide money to such schemes or the Company's employees or the employees of any of its subsidiary or associated companies to enable them to purchase shares of the Company.

- 3.7 To grant, convey, transfer or otherwise dispose of any property or asset of the Company of whatever nature or tenure for such price, consideration, sum or other return whether equal to or less than the market value thereof and whether by way of gift or otherwise as the Directors shall deem fit and to grant any fee, farm grant or lease or to enter into any agreement for letting or hire of any such property or asset for a rent or return equal to or less than the market or rack rent therefor or at no rent and subject to or free from covenants and restrictions as the Directors shall deem appropriate.
- 3.8 To acquire and undertake the whole or any part of the business, good-will and assets of any person, firm or company carrying on or proposing to carry on any business and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate with, or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture stock or securities that may be agreed upon, and to hold and retain or sell, mortgage or deal with any shares, debentures, debenture stock or securities so received.
- 3.9 To apply for, register, purchase, lease, hold, use, control, licence or otherwise acquire any patents, copyrights, trademarks, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to use or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, rights or information so acquired.
- 3.10 To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in or any business or transaction capable of being conducted so as directly to benefit this Company.
- 3.11 To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.
- 3.12 To lend money to and guarantee the performance of the contracts or obligations of any company, firm or person, and the repayment of the capital and principal of, and dividends, interest or premiums payable on, any stock, shares and securities of any company, whether having objects similar to those of this Company or not, and to give all kinds of indemnities.
- 3.13 To engage in currency exchange and interest rate transactions including, but not limited to, dealings in foreign currency, spot and forward rate exchange contracts, futures, options, forward rate agreements, swaps, caps, floors, collars and any other foreign exchange or interest rate hedging arrangements and such other instruments as are similar to, or derived from, any of the foregoing whether for the purpose of making a profit or avoiding a loss or

managing a currency or interest rate exposure or any other exposure or for any other purpose.

- 3.14 To guarantee, support or secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm or company including (without prejudice to the generality of the foregoing) any company which is for the time being a subsidiary company of the Company as defined by the Companies Act 2014 (or any successor legislation) associated with the Company in business.
- 3.15 To borrow or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of debentures, debenture stocks, bonds, obligations and securities of all kinds, either perpetual or terminable and either redeemable or otherwise and to secure the repayment of any money borrowed, raised or owing by trust deed, mortgage, charge, or lien upon the whole or any part of the Company's property or assets (whether present or future) including its uncalled capital, and also by a similar trust deed, mortgage, charge or lien to secure and guarantee the performance by the Company of any obligation or liability it may undertake.
- 3.16 To draw, make, accept, endorse, discount, execute, negotiate and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- 3.17 To subscribe for, take, purchase or otherwise acquire and hold shares or other interests in, or securities of any other company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- 3.18 To hold in trust as trustees or as nominees and to deal with, manage and turn to account, any real or personal property of any kind, and in particular shares, stocks, debentures, securities, policies, book debts, claims and chases in actions, lands, buildings, hereditaments, business concerns and undertakings, mortgages, charges, annuities, patents, licences, and any interest in real or personal property, and any claims against such property or against any person or company.
- 3.19 To constitute any trusts with a view to the issue of preferred and deferred or other special stocks or securities based on or representing any shares, stocks and other assets specifically appropriated for the purpose of any such trust and to settle and regulate and if thought fit to undertake and execute any such trusts and to issue, dispose of or hold any such preferred, deferred or other special stocks or securities.
- 3.20 To give any guarantee in relation to the payment of any debentures, debenture stock, bonds, obligations or securities and to guarantee the payment of interest thereon or of dividends on any stocks or shares of any company.
- 3.21 To construct, erect and maintain buildings, houses, flats, shops and all other works, erections, and things of any description whatsoever either upon the

lands acquired by the Company or upon other lands and to hold, retain as investments or to sell, let, alienate, mortgage, charge or deal with all or any of the same and generally to alter, develop and improve the lands and other property of the Company.

- 3.22 To remunerate by cash payments or allotment of shares or securities of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company whether in the conduct or management of its business, or in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital, or any debentures or other securities of the Company or in or about the formation or promotion of the Company.
- 3.23 To enter into and carry into effect any arrangement for joint working in business or for sharing of profits or for amalgamation with any other company or association or any partnership or person carrying on any business within the objects of the Company.
- 3.24 To distribute in specie or otherwise as may be resolved, any assets of the Company among its members and in particular the shares, debentures or other securities of any other company belonging to this Company or of which this Company may have the power of disposing.
- 3.25 To vest any real or personal property, rights or interest acquired or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.
- 3.26 To transact or carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects or calculated directly or indirectly to enhance the value of or facilitate the realisation of or render profitable any of the Company's property or rights.
- 3.27 To accept stock or shares in or debentures, mortgages or securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such company, whether such shares shall be wholly or partly paid up.
- 3.28 To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall consider to be preliminary thereto and to issue shares as fully or in part paid up, and to pay out of the funds of the Company all brokerage and charges incidental thereto.
- 3.29 To procure the Company to be registered or recognised in any part of the world.
- 3.30 To do all or any of the matters hereby authorised in any part of the world or in conjunction with or as trustee or agent for any other company or person or by or through any factors, trustees or agents.
- 3.31 To make gifts, pay gratuities or grant bonuses to current and former Directors (including substitute and alternate directors), officers or employees of the Company or to make gifts or pay gratuities to any person on their behalf or to

charitable organisations, trusts or other bodies corporate nominated by any such person.

- 3.32 To do all such other things that the Company may consider incidental or conducive to the attainment of the above objects or as are usually carried on in connection therewith.
- 3.33 To carry on any business which the Company may lawfully engage in and to do all such things incidental or conducive to the business or activity of the Company.
- 3.34 To make or receive gifts by way of capital contribution or otherwise.

The objects set forth in any sub-clause of this clause shall be regarded as independent objects and shall not, except where the context expressly so requires, be in any way limited or restricted by reference to or inference from the terms of any other sub-clause, or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any part of the world notwithstanding that the business, property or acts proposed to be transacted, acquired or performed do not fall within the objects of the first sub-clause of this clause.

**NOTE:** It is hereby declared that the word "company" in this clause, except where used in reference to this Company shall be deemed to include any partnership or other body of persons whether incorporated or not incorporated and whether domiciled in Ireland or elsewhere and the intention is that the objects specified in each paragraph of this clause shall except where otherwise expressed in such paragraph be in no way limited or restricted by reference to or inference from the terms of any other paragraph.

- 4 The liability of the members is limited.
- 5 The share capital of the Company is €1,000,000 divided into 100,000,000 ordinary shares of €0.01 each.
- 6 The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended articles of association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's articles of association for the time being.

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## **PART I - PRELIMINARY**

### **1. Certain sections of the Act not to apply**

Sections 43(2), 65, 77 to 81, 95(1)(a), 96(2) to (11), 124, 125, 126, 144(3), 144(4), 148(2), 158(1), 158(3), 158(4), 159 to 165, 182(2), 182(5), 183(3), 187, 188, 218(3) to 218(5), 229, 230, 338(5), 338(6), 618(1)(b), 1090, 1092 and 1113 of the Act shall not apply to the Company. The provisions of Sections 83 and 84 of the Act shall apply to the Company.

### **2. Interpretation**

(a) In these Articles, unless the context otherwise requires, the following expressions shall have the following meanings:

**“Act”** means the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;

**“Acts”** means the Companies Act 2014 and all statutory instruments which are to be read as one with, or construed or read together as one with, the Act;

**“Approved Exchange”** means any of Euronext NOTC, Euronext Dublin, the London Stock Exchange plc (or such body or bodies as may succeed to their respective functions) and any other stock and/or investment exchange(s) which may be approved at any time by the Board for the purpose of listing any shares in the Company on such exchange(s);

**“Approved Market”** means any market operated by an Approved Exchange;

**“Articles”** means these articles of association as originally adopted or as from time to time altered or varied (and **“Article”** means one of these Articles);

**“Auditors”** means the statutory auditors for the time being of the Company;

**“Board”** means the board of Directors of the Company for the time being and from time to time;

**“central securities depository”** has the meaning given to that term by the CSD Regulation;

**“Clear Days”** means, in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**“Company”** means Alternus Energy Group PLC registered number 642708;

**“CSD Regulation”** means Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories;

**“Directors”** means the directors for the time being of the Company or those of them present at a duly convened meeting of directors of the Company at

which a quorum is present, and “**Director**” means a director for the time being of the Company;

“**electronic communication**” means information communicated or intended to be communicated to a person or public body, other than its originator, that is generated, communicated, processed, sent, received, recorded, stored or displayed by electronic means or in electronic form, including, without limitation, by making any such information including notices and any other documents available on a website or by delivering, giving or sending the same by electronic mail, but does not include information communicated in the form of speech, unless the speech is processed at its destination by an automatic voice recognition system; and any references in this definition or in these Articles to “information”, “public body”, “originator”, “electronic” and “person” shall have the same meaning as in Section 2 of the Electronic Commerce 2000, or as that section may be amended by subsequent legislation;

“**Euroclear Bank**” means Euroclear Bank SA/NV, a company incorporated in Belgium;

“**Euroclear Nominees**” means Euroclear Nominees Limited, a wholly owned subsidiary of Euroclear Bank, registered in England and Wales;

“**Euronext Dublin**” means the Irish Stock Exchange plc, trading as “Euronext Dublin”;

“**Euronext NOTC**” means the Norwegian OTC-list, a market place for unlisted shares owned and operated by NOTC AS, a wholly owned subsidiary of Oslo Børs ASA;

“**Holder**” means, in relation to any share, the member whose name is entered in the Register as the holder of the share or, where the context permits, the members whose names are entered in the Register as the joint holders of the share;

“**intermediary**” has the meaning given to that term in Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies, as amended from time to time, including by Directive 2017/828;

“**Migration Act**” means the Migration of Participating Securities Act 2019;

“**Office**” means the registered office for the time being of the Company;

“**Ordinary Shares**” has the meaning assigned to that term in Article 5;

“**paid (up)**” means, in relation to a share, paid or credited as paid (up);

“**Redeemable Shares**” means redeemable shares in accordance with the Acts;

“**Register**” means the register of members to be kept as required by the Act;

“**Regulations**” means the Companies Act 1990 (Uncertificated Securities) Regulations 1996 and the Companies Act 1990 (Uncertificated Securities)

(Amendment) Regulations 2005 including any modification thereof or any regulations in substitution thereof under section 1086 of the Act and for the time being in force;

**“Relevant Exchange(s)”** means any Approved Exchange(s) on an Approved Market of which shares in the Company are admitted to trading and listed from time to time;

**“Seal”** means the common seal of the Company or (where relevant) the official seal kept by the Company pursuant to the Act;

**“Secretary”** means the secretary for the time being of the Company or any other person appointed to perform any of the duties of the secretary of the Company, including a joint, assistant or acting secretary;

**“securities settlement system”** means a securities settlement system (as defined in the CSD Regulation) operated by a central securities depository;

**“share”** means any share (whether issued or unissued) in the capital of the Company;

**“State”** means Ireland (excluding Northern Ireland); and

**“subsidiary”** has the meaning given to that term in the Act.

- (b) Expressions in these Articles referring to writing shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and to writing in electronic form and any other modes of representing or reproducing words in a legible and non-transitory form. Expressions in these Articles referring to execution of any document shall include any mode of execution whether under seal or under hand.
- (c) Unless specifically defined herein or the context otherwise requires, words or expressions shall bear the same meaning in these Articles as in the Act (but excluding any statutory modification thereof not in force when these Articles become binding on the Company), except that the word **“company”** shall include any body corporate.
- (d) The headings and captions included in these Articles are inserted for convenience of reference only and shall not be considered a part of or affect the construction or interpretation of these Articles.
- (e) Unless the context otherwise requires, references in these Articles to any enactment or any section or provision thereof shall include any statutory modification or re-enactment thereof for the time being in force.
- (f) In these Articles, unless the context otherwise requires, words importing any gender shall include all genders, and the singular number shall include the plural, and vice versa, and words importing persons shall include firms or companies.
- (g) Unless the context otherwise requires, any reference in an Article to a paragraph or subparagraph shall be construed as a reference to a paragraph

of that Article or (as the case may be) a subparagraph of the paragraph in which the reference is contained.

(h) References in these Articles to “€” are references to euro.

### 3. **Form of resolution**

Subject to the Acts:

- (a) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under the Acts or these Articles;
- (b) a resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting duly convened and held and if described as a special resolution shall be deemed to be a special resolution, and such resolution may consist of several documents in the like form each executed by one or more of the members.

### 4. **Uncertificated shares**

- (a) Notwithstanding anything in these Articles to the contrary and subject to the Regulations and the rules of any relevant system, the Directors may permit any class of shares to be held in uncertificated form and title to those shares to be transferred by means of a relevant system or may determine at any time that any class of shares shall no longer be held in uncertificated form and that title to those shares shall cease to be transferred by means of any particular relevant system. Any provisions of these Articles shall not apply to any uncertificated shares to the extent that such provisions are inconsistent with:
  - (i) the holding of shares in uncertificated form;
  - (ii) the transfer of title to shares by means of a relevant system; or
  - (iii) any provision of the Regulations.
- (b) Without prejudice to the generality and effectiveness of the foregoing:
  - (i) Articles 14, 15, 16, 17, 18 shall not apply to uncertificated shares;
  - (ii) the Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the Regulations or where the transfer is in favour of more than four persons jointly and Article 19 shall be construed accordingly;
  - (iii) references in these Articles to a requirement on any person to execute or deliver an instrument of transfer or certificate or other document which shall not be appropriate in the case of uncertificated shares shall, in the case of uncertificated shares, be treated as references to a requirement to comply with any relevant requirements of the relevant system and any relevant

arrangements or regulations which the Directors may make from time to time pursuant to sub-paragraph (xii) below;

- (iv) for the purposes referred to in Article 21, a person entitled by transmission to a share in uncertificated form who elects to have some other person registered shall either: (A) procure that instructions are given by means of the relevant system to effect transfer of such uncertificated share to that person; or (B) change the uncertificated share to certificated form and execute an instrument of transfer of that certificated share to that person;
- (v) the Company shall enter on the Register the number of shares which are held by each member in uncertificated form and in certificated form and shall maintain the Register in each case as is required by the Regulations and the relevant system and, unless the Directors otherwise determine, holdings of the same Holder or joint Holders in certificated form and uncertificated form shall be treated as separate holdings;
- (vi) a class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares or as a result of any provision of these Articles or the Regulations which applies only in respect of certificated shares or uncertificated shares;
- (vii) references in Article 120 to instruments of transfer shall include, in relation to uncertificated shares, instructions and/or notifications made in accordance with the relevant system relating to the transfer of such shares;
- (viii) for the purposes referred to in Article 24(b), the Directors may in respect of uncertificated shares authorise some person to transfer and/or require the Holder to transfer the relevant shares in accordance with the facilities and requirements of the relevant system and, so far as the Acts allow, the Directors may treat certificated shares and uncertificated shares of a member as separate holdings in giving effect to subdivisions and consolidations and may cause any shares arising on consolidation and representing fractional entitlements to be entered in the Register as certificated shares where this is desirable to facilitate the sale of those shares;
- (ix) for the purposes of Article 100(a), any payment in the case of uncertificated shares may be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and without prejudice to the generality of the foregoing such payment may be made by the sending by the Company or any person on its behalf of an instruction to the operator of the relevant system to credit the cash memorandum account of the Holder or joint Holders of such shares or, if permitted by the Company, of such person as the Holder or joint Holders may in writing direct, and the making of a payment in accordance with the facilities and requirements of the relevant system concerned shall be a good discharge to the Company;

- (x) subject to the Acts, the Directors may issue shares as certificated shares or as uncertificated shares in their absolute discretion and Articles 8, 102 and 108 shall be construed accordingly;
- (xi) for the purposes of Article 110, a notice or document may be given to, served on or delivered to any member by the Company by means of a relevant system, and where a notice or document is so given, served or delivered it shall be deemed to be given, served or delivered when the Company or any sponsoring system-participant acting on its behalf serves the issuer-instruction relating thereto;
- (xii) the Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing and transfer of uncertificated shares and otherwise for the purpose of implementing and/or supplementing the provisions of this Article and the Regulations, and the facilities and requirements of the relevant system and such arrangements and regulations (as the case may be) shall have the same effect as if set out in this Article;
- (xiii) the Directors may utilise the relevant system to the fullest extent available from time to time in the exercise of the Company's powers or functions under the Acts or these Articles or otherwise in effecting any actions.

(c) Where any class of shares in the capital of the Company is a participating security and the Company is entitled under any provisions of the Acts, or the rules made and practices instituted by the operator of any relevant system or under these Articles, to dispose of, forfeit, enforce a lien or sell or otherwise procure the sale of any shares which are held in uncertificated form, such entitlement (to the extent permitted by the Regulations and the rules made and practices instituted by the operator of the relevant system) shall include the right to:

- (i) request or require the deletion of any computer-based entries in the relevant system relating to the holding of such shares in uncertificated form; and/or
- (ii) require any Holder of any uncertificated shares which are the subject of any exercise by the Company of any such entitlement, by notice in writing to the Holder concerned, to change his holding of such uncertificated shares into certificated form within such period as may be specified in the notice, prior to completion of any disposal, sale or transfer of such shares or direct the Holder to take such steps, by instructions given by means of a relevant system or otherwise, as may be necessary to sell or transfer such shares; and/or
- (iii) appoint any person to take such other steps, by instructions given by means of a relevant system or otherwise, in the name of the Holder of such shares as may be required to effect a transfer of such shares and such steps shall be as effective as if

they had been taken by the Holder of the uncertificated shares concerned; and/or

- (iv) transfer any uncertificated shares which are the subject of any exercise by the Company of any such entitlement by entering the name of the transferee in the Register in respect of those shares as transferred shares; and/or
- (v) otherwise rectify or change the Register in respect of those shares in such manner as may be appropriate; and
- (vi) take such other actions as may be necessary to enable those shares to be registered in the name of the person to whom the shares have been sold or disposed of or as directed by him.

(d) To give effect to the Migration, the Company may appoint any person (including any officer or employee of Euroclear Bank) as attorney or agent for the holders of the relevant participating securities to do everything necessary to complete the transfer of the relevant participating securities to Euroclear Bank and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest relevant participating securities in Euroclear Bank or its nominee(s) and, pending such vesting, to exercise all such rights attaching to relevant participating securities as Euroclear Bank may direct. If an attorney or agent is so appointed, the holders of the relevant participating securities shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of Euroclear Bank) be entitled to exercise any rights attaching to relevant participating securities unless so agreed by Euroclear Bank. The attorney or agent shall be empowered to do the following on behalf of the holders of the relevant participating securities:-

- (i) to withdraw any participating securities from CREST and to instruct EUI to do all that is necessary under the Regulations to change such relevant participating securities into certificated shares;
- (ii) to execute and deliver as transferor a form or forms of transfer or other instrument(s) or instruction(s) of transfer on behalf of the holders of the relevant participating securities in favour of Euroclear Bank and/or its nominee(s);
- (iii) to execute and deliver such agreements as may be required by Euroclear Bank in regard to the services it is providing as a central securities depository; and
- (iv) to agree with Euroclear Bank that the relevant participating securities are to be held on a fungible basis so that a holder of any of the relevant participating securities shall not be entitled to require the return of exactly the same participating securities as are transferred on its behalf as part of the Migration;

and the Company may give a good receipt for the transfer of the relevant participating securities and may register Euroclear Bank and/or its nominee(s) as holder thereof. Notwithstanding any contrary provision

in these Articles, the Company shall not be obliged to issue any certificates to Euroclear Bank and/or its nominee(s) following such transfers.

(e) The holders of the Migrating Shares agree that neither the Company, the Directors, the Registrar or the Secretary shall be liable in any way in connection with:

- (i) any of the actions taken in respect of the Migrating Shares in connection with the Migration and/or the matters in connection with the Migration referred to in the Circular (including the procedures and processes described in the EB Migration Guide), whether pursuant to the authorities granted by the holders of the Migrating Shares pursuant to this Article, the resolutions passed at the extraordinary general meeting of the Company convened by the notice in the Circular (or any adjournment thereof) or otherwise; and/or
- (ii) any failures and/or errors in the systems, processes or procedures of the Registrar, Euroclear Bank and/or EUI which adversely affect the implementation of the Migration and/or the matters in connection with the Migration referred to in the Circular (including the procedures and processes described in the EB Migration Guide)

(f) Notwithstanding anything in these Articles to the contrary and the rules of the central securities depository, the Directors may permit any class of shares to be held, and trades in those shares settled, through a securities settlement system operated by the central securities depository. Without prejudice to the generality and effectiveness of the foregoing:

- (i) the Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit for the purpose of implementing and/or supplementing the provisions of this Article and the Migration Act and the facilities and requirements of the securities settlement system and such arrangements and regulations (as the case may be) shall have the same effect as if set out in this Article;
- (ii) the Directors may utilise the securities settlement system to the fullest extent available from time to time in the exercise of the Company's powers or functions under the Acts or these Articles or otherwise in effecting any actions;
- (iii) for the purposes of Article 100(a), any payment in the case of shares held through a securities settlement system may be made by means of the securities settlement system (subject always to the facilities and requirements of the securities settlement system) and without prejudice to the generality of the foregoing the making of a payment in accordance with the facilities and requirements of the settlement system concerned shall be a good discharge to the Company;

(iv) where any class of shares in the capital of the Company is held through a securities settlement system and the Company is entitled under any provisions of the Acts, or the rules made and practices instituted by the central securities depository or under these Articles, to dispose of, forfeit, enforce a lien or sell or otherwise procure the sale of any such shares, such entitlement (to the extent permitted by the Acts and the rules made and practices instituted by the central securities depository): (A) shall include the right to require the central securities depository of such securities settlement system to take such steps as may be necessary to sell or transfer such shares and/or to appoint any person to take such other steps in the name of the central securities depository (or its nominee(s)) as may be required to effect a transfer of such shares and such steps shall be as effective as if they had been taken by the central securities depository (or its nominee(s)); and (B) shall be treated as applying only to such shares held by the central securities depository or its nominee(s) and not to any other shares held by the central securities depository or its nominee(s);

(g) For the purposes of this Article:

- (i) words and expressions shall have the same respective meanings as in the Regulations;
- (ii) references herein to an uncertificated share or to a share being held in uncertificated form are references to that share being an uncertificated unit of a security, and references to a certificated share or to a share being in certificated form are references to that share being a unit of a security which is not an uncertificated unit;
- (iii) **“cash memorandum account”** means an account so designated by the operator of the relevant system;
- (iv) **“Circular”** means the circular issued by the Company to its shareholders and dated 1 February 2021;
- (v) **“CREST”** or **“CREST System”** means the relevant settlement system operated by EUI and constituting a relevant system for the purposes of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (as amended);
- (vi) **“EB Migration Guide”** means the document issued by Euroclear Bank entitled ‘Euroclear Bank as Issuer CSD for Irish corporate securities; Migration Guide’ dated October 2020 as may be amended from time to time;
- (vii) **“EUI”** means Euroclear UK & Ireland Limited, the operator of the CREST System;
- (viii) **“Euroclear System”** means the securities settlement system operated by Euroclear Bank SA/NV, an international CSD based

in Belgium and part of the Euroclear Group, and governed by Belgian law;

- (ix) **“Live Date”** means the date appointed by Euronext Dublin pursuant to the Migration Act to be the effective date in respect of Market Migration, which has not yet been confirmed but which is expected to be 15 March, 2021;
- (x) **“Migration”** means the transfer of title to uncertificated securities of the Company, which are at the Live Date Participating Securities, to Euroclear Nominees holding on trust for Euroclear Bank with effect from the Live Date as described in this Circular and including, where the context requires, migration as described in and as envisaged by the EB Migration Guide;
- (xi) **“Migration Record Date”** means .00 p.m. on Friday, 12 March 2021 or such other date and time as may be announced by EUI and / or Euroclear Bank to determine the holders of relevant participating securities to be subject to the Migration;
- (xii) **“Migrating Shares”** mean and the Company satisfies the other requirements applicable to the Migration becoming effective, the relevant participating securities on the Migration Record Date;
- (xiii) **“relevant participating securities”** means all participating securities recorded in the register of members of the Company on the Live Date.

## **PART II - SHARE CAPITAL AND VARIATION OF RIGHTS**

### **5. Share capital**

The share capital of the Company is €1,000,000 divided into 100,000,000 ordinary shares of €0.01 each.

### **6. Rights of shares on issue**

- (a) Without prejudice to any special rights conferred on the Holders of any existing shares or class of shares and subject to the provisions of the Acts, any share may be issued with such rights or restrictions (whether as regards dividends, return of capital, voting, restrictions on transferability (where, in the case of shares admitted to trading on any Approved Market(s), compatible with the requirements of such Approved Market(s)) or otherwise) as the Company may from time to time by ordinary resolution determine.
- (b) Without prejudice to the power conferred on the Company by paragraph (a) of this Article, the Directors may on the allotment and issue of any shares impose restrictions on the transferability or disposal of the shares comprised in a particular allotment as may be considered by the Directors to be in the best interests of the shareholders as a whole.
- (c) Where the owner of shares which are recorded in book-entry form in a Central Securities Depository has notified the Company in writing that it is the owner of such shares and the notification is accompanied by such other evidence as the Directors may reasonably require to confirm such ownership, the Directors may in their absolute discretion exercise their powers in a way that would confer on such owner the benefit all of the rights conferred on a member with respect to those shares by Articles 29, 30(b), 34, 53 and 70 and Sections 37(1), 105(8), 112(2), 146(6), 178(2), 178(3), 180(1), 185(1), 1101 and 1104 of the Act. The Directors shall not exercise their discretion where the percentage number of shares in such person's ownership is below the threshold in the relevant Article or Section. This Article 6(c) is subject to and shall only become effective in accordance with Article 6(k) below.
- (d) The references to a member, a holder of a share or a shareholder in Articles 8(a), 30(b), 106, 110, 112 and 115 and Sections 89(1), 111(2), 180, 228(3), 228(4), 251(2), 252(2), 339, 374(3), 459, 460(4), 1137(4), 1147 and 1159(4) of the Act may be deemed by the Directors to include a reference to an owner of a share who has satisfied the requirements in Article 6(c) above with respect to that share.
- (e) All persons who the Directors deem as being eligible to receive notice of a meeting by virtue of this Article 6 at the date the notice was posted, may also be deemed eligible by the Directors to attend at the meeting in respect of which the notice has been given and to speak at such meeting provided that such person remains an owner of a share at such time.
- (f) Neither Article 6(e) above nor the reference to Article 53 in this Article 6, shall entitle the person to vote at a meeting of the Company or exercise any other right conferred by membership in relation to meetings of the Company.

- (g) Where two or more persons are the owner of a share, the rights conferred by or pursuant to this Article 6 shall not be exercisable unless all such persons have satisfied the requirements in Article 6(c) with respect to that share. This Article 6(g) is subject to and shall only become effective in accordance with Article 6(k) below.
- (h) Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu without charge.
- (i) In the case of the death of an owner of a share, the survivor (or survivors where the deceased was a joint owner of the share), and the personal representatives of the deceased where he or she was a sole owner, shall be the only persons recognised by the Company as the persons entitled to exercise any rights conferred by or pursuant to Article 6(c) in respect of that share provided that they or the deceased owner have satisfied the requirements in subparagraph 6(c) above with respect to that share. This Article 6(h) is subject to and shall only become effective in accordance with Article 6(j) below.
- (j) Any notice or other information to be given, served or delivered by the Company to an owner of a Share pursuant to this Article 6 shall be in writing (whether in electronic form or otherwise) and served or delivered in any manner determined by the Directors (in their absolute discretion) in accordance with the provisions of Article 110. The Company shall not be obliged to give, serve or deliver any notice or other information pursuant to this Article 6 where the Company is not in possession of the information necessary for such information to be given, served or delivered in the manner determined by the Directors in accordance with the preceding sentence.
- (k) Articles 6(c) to 6(j) above shall only become effective upon the Migration becoming effective.

## 7. **Redeemable Shares**

- (a) Subject to the provisions of the Acts, any shares may be issued on terms that they are, or are liable at the option of the Company or the Holder, to be redeemed on such terms and in such manner as may be provided by these Articles, and the Company may convert any of its shares into Redeemable Shares. Subject as aforesaid, the Company may cancel any shares which it has redeemed or may hold them as treasury shares and re-issue any such treasury shares as shares of any class or classes or cancel them.

## 8. **Allotment of shares**

- (a) Subject to the provisions of these Articles relating to new shares, the shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Act) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders and the shares will be issued fully paid although the shares can be issued at a discount to market price if required.

- (b) Without prejudice to the generality of the powers conferred on the Directors by other paragraphs of this Article 8, the Directors may grant from time to time options to subscribe for the unallotted shares in the capital of the Company to Directors and other persons in the service or employment of the Company or any subsidiary or associate company of the Company on such terms and subject to such conditions as may be approved from time to time by the Directors or by any committee thereof appointed by the Directors for the purpose of such approval and on the terms and conditions required to obtain the approval of any statutory authority in any jurisdiction.
- (c) The Directors are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the meaning of section 1021 of the Act. The maximum amount of relevant securities which may be allotted under the authority hereby conferred shall be the amount of the authorised but unissued ordinary shares in the Company. The authority hereby conferred shall expire on the date which is five years after the date of incorporation of the Company unless and to the extent that such authority is renewed, revoked or extended prior to such date. The Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement, notwithstanding that the authority hereby conferred has expired.
- (d) The Directors are hereby empowered pursuant to sections 1022 and 1023(1) of the Act to allot equity securities within the meaning of the said section 1022 for cash pursuant to the authority conferred by Article 8(c) as if section 1022(1) of the Act did not apply to any such allotment. The Company may before the expiry of such authority make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this Article 8(d) had not expired.

## 9. Variation of rights

- (a) Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the Holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the Holders of the shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply except that the quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and the quorum at an adjourned meeting shall be one person holding shares of the class in question or his proxy.
- (b) The rights conferred upon the Holders of the shares of any class shall not, unless otherwise expressly provided by these Articles or the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith or subordinate thereto or by the purchase or redemption by the Company of any of its shares.

## 10. **Trusts not recognised**

- (a) Except as required by law or as provided for by Article 10(b), no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the Holder but this shall not preclude the Company from requiring the members or a transferee of shares to furnish the Company with information as to the beneficial ownership of any share when such information is reasonably required by the Company.
- (b) Where shares are registered in the name of a nominee of a central securities depository acting in its capacity as operator of a securities settlement system (including, without limitation, where shares are held by Euroclear Nominees as nominee of Euroclear Bank) all rights attaching to such shares may be exercised on the instructions of the central securities depository and the Company shall have no liability to the nominee where its acts in response to such instructions.

## 11. **Disclosure of interests**

- (a) For the purposes of this Article:
  - (i) unless the context otherwise requires:

**"Deemed Voting Concert Party Interest"** means an agreement or arrangement between two or more persons with respect to, or to the exercise of, voting rights attaching to shares and which is likely to result in those rights being exercised so as to influence or to control the policy of the Company or the management of its affairs which the Directors have deemed to be a Deemed Voting Concert Party Interest for the purposes of this Article and, where the Directors so resolve, each of the persons who is party to such agreement or arrangement shall be deemed (for the purposes of this Article) to be interested in all the shares to which the voting rights in question are attached and, in this definition, references to an arrangement include references to an understanding or mutual expectation, whether formal or informal and whether or not legally binding;

**"Disclosure Notice"** means a notice served pursuant to paragraph (b);

**"Interest"** means an interest (of any size) in the Relevant Share Capital which would be taken into account in deciding whether a notification to the Company would be required under Chapter 4 of Part 17 of the Act but shall include: (A) the interests referred to in section 260(1)(a) and (c) of the Act (as adopted and modified by section 1059 of the Act) except those of a bare trustee, and (B) any Deemed Voting Concert Party Interest; and **"interested"** shall be construed accordingly;

**“Relevant Share Capital”** means the relevant share capital of the Company (as that expression is defined in section 1047 of the Act); and

**“share”** means any share in the Relevant Share Capital;

- (ii) a person, other than the Holder of a share, shall be treated as appearing to be or to have been interested in that share if the Holder has informed the Company that the person is, or may be, or has been, or may have been, so interested, or if the Company (after taking account of any information obtained from the Holder or, pursuant to a notice under section 1062 of the Act, from anyone else) knows or has reasonable cause to believe that the person is, or may be, or has been, or may have been, so interested.
- (b) If in their absolute discretion the Directors consider it to be in the interests of the Company to do so, they may, at any time and from time to time, by notice require any Holder of a share, or any other person appearing to be interested or to have been interested in such share, to disclose to the Company in writing within such period as may be specified in such notice such information as the Directors shall require relating to the ownership of or any Interest in such share and as lies within the knowledge of such Holder or other person (supported if the Directors so require by a statutory declaration and/or by independent evidence) including (without prejudice to the generality of the foregoing) any information which the Company is entitled to seek pursuant to section 1062 the Act.
- (c) Unless otherwise required by applicable law, where a Disclosure Notice is served on the Holder of a share and such Holder is a central securities depository (or its nominee(s)) acting in its capacity as operator of a securities settlement system, the obligations of the central securities depository (or its nominee(s)) as a Holder pursuant to this Article shall be limited to disclosing to the Company in accordance with this Article such information relating to the ownership of or Interests in the share concerned as has been recorded by it pursuant to the rules made and practices instituted by the central securities depository, provided that nothing in this Article shall in any other way restrict the powers of the Directors under this Article.
- (d) The Directors may give any number of Disclosure Notices pursuant to paragraph (b) to the same Holder or other person in respect of the same share. any restrictions arising under paragraph (b) above shall be treated as applying only to such number of shares held by the central securities depository or its nominee(s) and in respect of which the information required by the notice has not been furnished and not to any other shares held by the central securities depository or its nominee(s).
- (e) The Directors may serve notice pursuant to the terms of this Article irrespective of whether or not the person on whom it shall be served may be dead, bankrupt, insolvent or otherwise incapacitated and no such incapacity or any unavailability of information or inconvenience or hardship in obtaining the same shall be a satisfactory reason for failure to comply with any such notice, provided that if the Directors in their absolute discretion think fit, they may waive compliance in whole or in part with any notice given under this

Article in respect of a share in any case of bona fide unavailability of information or genuine hardship or where they otherwise think fit but no such waiver shall prejudice or affect in any way any non-compliance not so waived whether by the person concerned or any other person appearing to the Directors to be interested in the share or by any person to whom a notice may be given at any time.

- (f) Any resolution or determination of, or decision or exercise of any discretion or power by, the Directors under or pursuant to the provisions of this Article shall be final and conclusive and things done by or on behalf of, or on the authority of, the Directors pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decisions, determination or declaration taken or made in accordance with this Article.
- (g) The provisions of this Article are in addition to, and shall not limit, any other right or power of the Company or the Directors, including any right or power vested in the Company or the Directors by the Acts.

## **12. Payment of commission**

The Company may exercise the powers of paying commissions conferred by the Acts. Subject to the provisions of the Acts, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. On any issue of shares the Company may also pay such brokerage as may be lawful.

## **13. Payment by instalments**

If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment when due shall be paid to the Company by the person who for the time being shall be the Holder of the share.

## **PART III - SHARE CERTIFICATES**

### **14. Issue of certificates**

Every person whose name is entered as a member in the Register shall be entitled, on request, without payment to receive within two (2) months after allotment or lodgement of a transfer to him of the shares in respect of which he is so registered (or within such other period as the conditions of issue shall provide) one certificate for all the shares of each class held by him or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine provided that the Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint Holder shall be a sufficient delivery to all of them. The Company shall not be bound to register more than four persons as joint Holders of any share (except in the case of executors or trustees of a deceased member). Every certificate shall be sealed with the Seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be obliged to issue a certificate to a member following any consolidation, subdivision or other redenomination or reorganisation of share capital, unless specifically requested in writing to do so by the member, in which case the Company shall complete and have ready for delivery such certificate within a period of two (2) months from the date of receipt of such request by the Company. The obligation on the Company to issue a new certificate under this Article 14 or to issue a new, balance, exchange or replacement certificate under any other provision of these Articles shall be subject always to the provisions of the CSD Regulation and any other applicable law.

### **15. Balance and exchange certificates**

- (a) Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such shares shall be issued in lieu without charge.
- (b) Any two or more certificates representing shares of any one class held by any member at his request may be cancelled and a single new certificate for such shares issued in lieu without charge, unless the Directors otherwise determine. If any member shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may comply, if they think fit, with such request.

### **16. Replacement of certificates**

If a share certificate is defaced, worn out, lost, stolen or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity and payment of any exceptional expenses incurred by the Company in investigating evidence or in relation to any indemnity as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing out) on delivery up of the old certificate.

## **PART VIII - TRANSFER OF SHARES**

### **17. Form of instrument of transfer**

Subject to such of the restrictions of these Articles and to such of the conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors may also permit title to any shares in the Company to be transferred without a written instrument where permitted by the Acts subject to compliance with the requirements imposed under the relevant provisions of the Acts and any additional requirements which the Directors may approve.

### **18. Execution of instrument of transfer**

- (a) The instrument of transfer of any share shall be executed by or on behalf of the transferor or alternatively for and on behalf of the transferor by the Secretary (or such other person as may be nominated by the Secretary for this purpose) on behalf of the Company, and the Company, the Secretary (or relevant nominee) shall be deemed to have been irrevocably appointed agent for the transferor of such share or shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such share or shares all such transfers of shares held by the Holders in the share capital of the Company. An instrument of transfer need not be executed by the transferee save that if the share concerned (or one or more of the shares concerned) is not fully paid, the instrument shall be executed by or on behalf of the transferor and transferee. The transferor shall be deemed to remain the Holder of the share until the name of the transferee is entered in the Register in respect thereof.
- (b) The Company, at its absolute discretion and insofar as the Acts or any other applicable law permits, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of shares on behalf of the transferee of such shares of the Company. If stamp duty resulting from the transfer of shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those shares and (iii) to claim a first and permanent lien on the shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid.

### **19. Refusal to register transfers**

- (a) The Directors shall not refuse to register any transfer or renunciation of partly paid shares which are listed or dealt in on any Approved Market on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.
- (b) Notwithstanding any other provision of these Articles, section 95(1)(a) and (b) of the Act shall not apply to the Company.

(c) Subject to the provisions of the Act and any regulations made thereunder, the Directors may decline to register any instrument of transfer, or renunciation of a renounceable letter of allotment, of any shares unless:

- (i) it is lodged at the Office or at such other place as the Directors may appoint and is accompanied by the certificate (if any) of the shares to which it relates (except in the case of a renunciation) and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so;
- (ii) it is in respect of one class of share only; and
- (iii) it is in favour of not more than four persons jointly.

## **PART IX - TRANSMISSION OF SHARES**

### **20. Death of member**

If a member dies the survivor or survivors where he was a joint Holder, and his personal representatives where he was a sole Holder or the only survivor of joint Holders, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased member from any liability in respect of any share which had been jointly held by him.

### **21. Transmission on death or bankruptcy**

A person becoming entitled to a share in consequence of the death or bankruptcy of a member may elect, upon such evidence being produced as the Directors may properly require, either to become the Holder of the share or to have some person nominated by him registered as the transferee. If he elects to become the Holder he shall give notice to the Company to that effect. If he elects to have another person registered he shall execute an instrument of transfer of the share to that person. All of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the member and the death or bankruptcy of the member had not occurred.

### **22. Rights before registration**

A person becoming entitled to a share by reason of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall have the rights to which he would be entitled if he were the Holder of the share, except that, before being registered as the Holder of the share, he shall not be entitled in respect of it to attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of shares in the Company, so, however, that the Directors, at any time, may give notice requiring any such person to elect either to be registered himself or to transfer the share and, if the notice is not complied with within ninety (90) days, the Directors thereupon may withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

## **PART X - ALTERATION OF SHARE CAPITAL**

### **23. Increase of capital**

- (a) The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
- (b) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the pre-existing ordinary capital and shall be subject to the provisions herein contained with reference to calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

### **24. Consolidation, sub-division and cancellation of capital**

- (a) The Company may, by ordinary resolution:
  - (i) consolidate and divide all or any of its share capital into shares of larger amount;
  - (ii) subject to the provisions of the Acts, subdivide its shares, or any of them, into shares of smaller amount, so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived (and so that the resolution whereby any share is subdivided may determine that, as between the Holders of the shares resulting from such sub-division, one or more of the shares may have, as compared with the others, any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares); or
  - (iii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled.
- (b) Subject to the provisions of these Articles, whenever as a result of a consolidation or subdivision of shares any members would become entitled to fractions of a share, the Directors may deal with such fractions as they shall determine and in particular they may sell, on behalf of those members, the shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those members (save that the Directors may in such event determine that amounts of STG£5.00 or €7.00 (or the foreign currency equivalent) or less per member shall not be so distributed but shall be retained for the benefit of the Company), and the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the buyer. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

25. **Reduction of capital**

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund, any share premium account, any capital conversion reserve fund or any undenominated capital in any manner and with, and subject to, any incident authorised, and consent required, by law.

26. **Purchase of own shares**

Subject to the provisions of the Acts and to any rights conferred on the Holders of any class of shares, the Company may purchase all or any of its own shares of any class, including any Redeemable Shares. The Company shall not exercise any authority granted under section 1074 of the Act to make market purchases of its own shares unless the authority required by such section shall have been granted by a special resolution of the Company. Neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any other particular manner as between the Holders of shares of the same class or as between them and the Holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares. Subject to the provisions of the Acts, the Company may cancel any shares so purchased or may hold them as treasury shares and re-issue any such treasury shares as shares of any class or classes or cancel them. Notwithstanding anything to the contrary contained in these Articles, the rights attached to any class of shares shall be deemed not to be varied by anything done by the Company pursuant to this Article.

## **PART XI - GENERAL MEETINGS**

### **27. Annual general meetings**

The Company shall hold in each year a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next.

### **28. Extraordinary general meetings**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

### **29. Convening general meetings**

The Directors may convene general meetings. Extraordinary general meetings may also be convened on such requisition, or in default, may be convened by such requisitionists as provided by the Acts.

### **30. Notice of general meetings**

- (a) Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting shall be called by at least twenty one (21) Clear Days' notice, except that an extraordinary general meeting that is not called for the passing of a special resolution may, subject to compliance with all applicable provisions of the Acts, be called by at least fourteen (14) Clear Days' notice.
- (b) Any notice convening a general meeting shall specify the time and place of the meeting, the general nature of the business to be transacted at the meeting, in the case of a proposed special resolution, the text or substance of that proposed special resolution and, in reasonable prominence, a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his place, that a proxy need not be a member of the Company and of the time by which the proxy must be received at the Office or some other place within the State as is specified in the statement for that purpose. It shall also give particulars of any Directors who are to retire by rotation or otherwise at the meeting and of any persons who are recommended by the Directors for appointment or re-appointment as Directors at the meeting, or (provided that the Company has received notice of the intention to propose any person or persons for appointment or re-appointment as a Director or Directors at the meeting in sufficient time for it to be included in the notice) in respect of whom notice has been duly given, in accordance with the terms of Article 70, to the Company of the intention to propose them for appointment or re-appointment as Directors at the meeting. Subject to any restrictions imposed on any shares, the notice shall be given to all the members and to the Directors, the Secretary and the Auditors and any other person entitled to receive notice under the Acts.

- (c) The Directors may specify in the notice of a general meeting a time by which a person's name shall be entered on the Register in order for that person to have the right to attend or vote at the meeting, subject to complying with any minimum periods prescribed by the Acts.
- (d) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
- (e) Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective (except where the Directors of the Company have resolved to submit it) unless notice of the intention to move it has been given to the Company not less than twenty eight (28) days (or such shorter period as the Acts permits) before the meeting at which it is moved, and the Company shall give to the members notice of any such resolution as required by and in accordance with the provisions of the Acts.

### **31. Postponement of general meetings**

If the Directors consider that it is impracticable or unreasonable to hold a general meeting on the date or at the time or place stated in the notice calling the meeting, it may postpone or move the meeting (or do both). The Directors shall take reasonable steps to ensure that notice of the date, time and place of the rearranged meeting is given to any member trying to attend the meeting at the original time and place. Notice of the date, time and place of the rearranged meeting shall, if practicable, also be placed in at least two leading national daily newspapers published in the State. Notice of the business to be transacted at such rearranged meeting shall not be required. If a meeting is rearranged in this way, appointments of proxy are valid if they are received as required by these Articles not later than the latest time approved by the Directors (subject to the requirements of the Acts) and for the purpose of calculating this period, the Directors can decide in their absolute discretion, not to take account of any part of a day that is not a working day. The Directors may also postpone or move the rearranged meeting (or do both) under this Article.

### **32. Security arrangements and orderly conduct**

- (a) The Directors may direct that any person wishing to attend any meeting should provide such evidence of identity and submit to such searches or other security arrangements or restrictions as the Directors shall consider appropriate in the circumstances and shall be entitled in their absolute discretion to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to such searches or to otherwise comply with such security arrangements or restrictions.
- (b) The chairman shall take such action or give directions as he thinks fit to promote the orderly conduct of the business of the meeting as laid down in the notice of the meeting and to ensure the security of the meeting and the safety of the people attending the meeting. The chairman's decision on matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any matter is of such a nature.
- (c) If it appears to a chairman of a general meeting and/or the Directors (as the case may be) that the place of the meeting specified in the notice is

inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings are valid if the chairman and/or Directors (as the case may be) is/are satisfied that adequate facilities are available, whether at the place of the meeting or elsewhere, to ensure that each such person who is unable to be accommodated at the place of the meeting is able to communicate simultaneously and instantaneously with the persons present at the place of the meeting, whether by the use of microphones, loud speakers, audio-visual or other communications equipment or facilities.

## **PART XII - PROCEEDINGS AT GENERAL MEETINGS**

### **33. Quorum for general meetings**

- (a) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Two persons entitled to attend and to vote upon the business to be transacted, each being a member or a proxy for a member, shall be a quorum.
- (b) If such a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine.

### **34. Special business**

All business shall be deemed special that is transacted at an extraordinary general meeting. All business that is transacted at an annual general meeting shall also be deemed special, with the exception of declaring a dividend, the consideration of the Company's statutory financial statements and reports of the Directors and Auditors, the review by the members of the Company's affairs, the appointment of Directors in the place of those retiring (whether by rotation or otherwise), the fixing of the remuneration of the Directors, subject to sections 380 and 382 to 385 of the Act, the appointment or re-appointment of the Auditors and the fixing of the remuneration of the Auditors and, pursuant to and in accordance with the Act, the consideration of a special resolution reducing the period of notice for the calling of an extraordinary general meeting (other than such a meeting called for the passing of a special resolution) to fourteen (14) Clear Days.

### **35. Chairman of general meetings**

- (a) The chairman (if any) or, in his absence, the deputy chairman (if any) of the Board or, in his absence, some other Director appointed by the Directors for the purpose shall preside as chairman at every general meeting of the Company. If there is no chairman or deputy chairman of the Board and no Director has been so appointed or if none of such persons shall be present within five (5) minutes after the time appointed for the holding of the meeting and willing to act, the Directors present shall elect one of their number to be chairman of the meeting and, if there is only one Director present and willing to act, he shall be chairman. If at any meeting no Director is present, and willing to act as chairman of the meeting, within fifteen (15) minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of the members personally present to be chairman of the meeting.
- (b) The chairman shall take such action as he thinks fit to promote the orderly conduct of general meetings. The decision of the chairman on points of order, matters of procedure or matters arising incidentally out of the business of the meeting shall be final and conclusive, as shall be, subject to his acting in good faith, his determination whether any point or matter is of such a nature. Without prejudice to the generality of the foregoing, if an amendment proposed to any resolution under consideration is in good faith ruled out of

order by the chairman, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

**36. Directors' right to attend general meetings**

A Director (and any other person invited by the Chairman to do so) shall be entitled, notwithstanding that he is not a member, to attend and speak at any general meeting and at any separate meeting of the Holders of any class of shares in the Company.

**37. Adjournment of general meetings**

(a) The chairman, with the consent of a general meeting at which a quorum is present, may (and if so directed by the meeting, shall) adjourn the meeting to another time or place or indefinitely. The chairman may at any time without the consent of the meeting adjourn the meeting to another time or place or indefinitely if it appears to the chairman that:-

- (i) the number of persons present or wishing to attend cannot be conveniently accommodated in the place appointed for the meeting; or
- (ii) the behaviour of any persons attending the meeting prevents or is likely to prevent the orderly conduct of the business of the meeting; or
- (iii) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

No business shall be transacted at any adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

(b) Where a meeting is adjourned indefinitely, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty (30) days or more or indefinitely, at least seven (7) Clear Days' notice shall be given specifying the time and place for the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## **PART XIII – VOTING**

### **38. Determination of resolutions**

If a resolution is put to the vote at a general meeting, it shall be decided on a show of hands unless a poll is duly demanded in accordance with Article 39. Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn before the poll is taken but only with the consent of the chairman, and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. Voting may also be undertaken by way of such electronic devices as are for the time being and from time to time approved by the Directors in their absolute discretion, and Articles 39 to 43 shall be interpreted accordingly.

### **39. Entitlement to demand poll**

(a) Subject to the provisions of the Acts, a poll may be demanded:

- (i) by the chairman of the meeting;
- (ii) by at least three members present (in person or by proxy) having the right to vote at the meeting;
- (iii) by any member or members present (in person or by proxy) representing not less than one-tenth of the total rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present (in person or by proxy) holding shares in the Company conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(b) The chairman of the meeting may also demand a poll before a resolution is put to the vote on a show of hands.

### **40. Taking of a poll**

- (a) Save as provided in paragraph (b), a poll shall be taken in such manner as the chairman directs and he may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- (b) A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time (not being more than thirty (30) days after the date on which the poll is demanded) and place as the chairman of the meeting may direct. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the

question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

(c) No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven (7) Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.

#### **41. Votes of members**

Votes may be given either personally or by proxy. Subject to any rights or restrictions for the time being attached to any class or classes of shares and subject to any suspension or abrogation of rights pursuant to these Articles, on a show of hands every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll every member shall have one vote for every share carrying rights of which he is the Holder. On a poll a member entitled to more than one vote need not cast all his votes or cast all the votes he uses in the same way.

#### **42. Chairman's casting vote**

Where there is an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to any other vote he may have.

#### **43. Voting by joint Holders**

Where there are joint Holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, in respect of such share shall be accepted to the exclusion of the votes of the other joint Holders; and for this purpose seniority shall be determined by the order in which the names of the Holders stand in the Register in respect of the share.

#### **44. Voting by incapacitated Holders**

A member of unsound mind, or a member who has made an enduring power of attorney, or in respect of whom an order has been made by any court having jurisdiction (whether in the State or elsewhere) in matters concerning mental disorder, may vote, whether on a show of hands or on a poll, by his committee, receiver, guardian, donee of an enduring power of attorney or other person appointed by that court and any such committee, receiver, guardian, donee of an enduring power of attorney or other person may vote by proxy on a show of hands or on a poll provided that evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with these Articles for the receipt of proxy appointments, not later than the latest time specified by the Directors (subject to the requirements of the Acts) and in default the right to vote shall not be exercisable.

45. **Default in payment of calls**

Unless the Directors otherwise determine, no member shall be entitled to vote at any general meeting or any separate meeting of the Holders of any class of shares in the Company, either in person or by proxy, or to exercise any privilege as a member in respect of any share held by him unless all moneys then payable by him in respect of that share have been paid.

46. **Restriction of voting and other rights**

- (a) If at any time the Directors shall determine that a Specified Event (as defined in paragraph (g)) shall have occurred in relation to any share or shares, they may in their absolute discretion serve a notice to such effect on the Holder or Holders thereof. Upon the expiry of fourteen (14) days from the service of any such notice (in these Articles referred to as a "**Restriction Notice**") and for so long as such Restriction Notice shall remain in force:
  - (i) no Holder or Holders of the share or shares specified in such Restriction Notice (in these Articles referred to as "**Specified Shares**") shall be entitled in respect of the Specified Shares to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the Holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting; and
  - (ii) the Directors shall, where the Specified Shares represent not less than one-quarter of one per cent. (0.25%) of the class of shares concerned, be entitled: (A) except in a winding up of the Company, to withhold payment of any sum (including shares issuable in lieu of dividends) payable, whether by way of dividend, capital or otherwise, in respect of the Specified Shares, and the Company shall not have any obligation to pay interest on any sum so withheld; and/or (B) where the Specified Event concerned is the event described in subparagraph (i) or (iii) of paragraph (g), to refuse to register any transfer (other than an Approved Transfer as defined in paragraph (h)) of the Specified Shares or any renunciation of any allotment of new shares or debentures made in respect of the Specified Shares.
- (b) A Restriction Notice shall be cancelled by the Directors as soon as reasonably practicable, but in any event not later than seven (7) days, after the Holder or Holders concerned or any other relevant person shall have remedied the default by virtue of which the Specified Event shall have occurred. A Restriction Notice shall automatically cease to have effect in respect of any share comprised in an Approved Transfer upon registration thereof.
- (c) The Directors shall cause a notation to be made in the Register against the name of any Holder or Holders in respect of whom a Restriction Notice shall have been served indicating the number of Specified Shares specified in such Restriction Notice and shall cause such notation to be deleted upon cancellation or cesser of such Restriction Notice.

- (d) Every determination of the Directors and every notice served by them pursuant to the provisions of this Article shall be conclusive as against the Holder or Holders of any share and the validity of any notice served by the Directors in pursuance of this Article shall not be questioned by any person.
- (e) If, while any Restriction Notice shall remain in force in respect of any Specified Shares, any further shares shall be issued in respect thereof pursuant to a capitalisation issue under these Articles, the Restriction Notice shall be deemed also to apply likewise to such Holder or Holders in respect of such further shares which shall as from the date of issue thereof form part of the Specified Shares for all purposes of this Article.
- (f) On the cancellation of any Restriction Notice, the Company shall pay to the Holder (or, in the case of joint Holders, the first named Holder) on the Register in respect of the Specified Shares as of the record date for any such sum all sums the payment of which shall have been withheld pursuant to the provisions of this Article.
- (g) Where a Restriction Notice is served on a central securities depository or its nominee(s) acting in its capacity as operator of a securities settlement system, the provisions of this Article shall be treated as applying only to such number of shares as is equal to the number of Specified Shares held by the central securities depository or its nominee(s) and not to any other shares held by the central securities depository or its nominee(s).
- (h) For the purpose of these Articles, a “**Specified Event**” shall be deemed to have occurred in relation to any share if:
  - (i) the Holder or any of the Holders shall fail to pay any call or instalment of a call in respect of such share in the manner and at the time appointed for payment thereof;
  - (ii) the Holder or any of the Holders or any other person shall fail to comply, to the satisfaction of the Directors and within the period prescribed by such notice, in relation to such share with the terms of any Disclosure Notice given to him under Article 11; or
  - (iii) the Holder or any of the Holders or any other person shall fail to comply, to the satisfaction of the Directors and within the period prescribed by such notice, in relation to such share with the terms of any notice given to him pursuant to section 1062 of the Act.
- (i) For the purposes of this Article:
  - (i) an “**Approved Transfer**” is a transfer of shares which: (A) is made pursuant to acceptance of a general offer made by or on behalf of the offeror to all Holders (or all such Holders other than the offeror and nominees or subsidiaries of the offeror) of shares of any class; or (B) the Directors are satisfied has been made pursuant to a *bona fide* sale of the whole of the beneficial interest in the shares comprised in the transfer to a person unconnected with the Holder or with any other person appearing to be interested (within the meaning of Article 11) in such shares

(and for this purpose it shall be assumed that no such sale has occurred where the relevant share transfer form presented for stamping has been stamped at a reduced rate of stamp duty by virtue of the transferor or transferee having claimed to be entitled to such reduced rate on the basis that no beneficial interest passes by the transfer); or (C) is made pursuant to any *bona fide* sale on any stock exchange, unlisted securities market or over-the-counter market on which shares of that class are, for the time being, normally traded.

- (ii) reference to a person having failed to comply with the terms of a Disclosure Notice given to him under Article 11 or a notice given to him pursuant to section 1062 of the Act includes reference: (A) to his having failed or refused to give all or any part of the information required by the notice; or (B) to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular.
- (j) The provisions of this Article are in addition to, and shall not limit, any other right or power of the Company or the Directors, including any right or power vested in the Company or the Directors by the Acts.

#### **47. Time for objection to voting**

No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any such objection or error shall be referred to the chairman of the meeting and shall vitiate the decision of the meeting on any resolution only if the chairman decides that the same is of sufficient magnitude to vitiate the resolution or may otherwise have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

#### **48. Appointment of proxy**

Every member entitled to attend and vote at a general meeting may appoint a proxy or (subject to the following provisions) proxies to attend, speak and vote on his behalf provided, however, that:

- (a) a member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him; and
- (b) a member acting as an intermediary on behalf of a client in relation to shares may appoint that client or any third party designated by that client as a proxy in relation to those shares,

subject to such requirements and restrictions as the Directors may from time to time specify. The appointment of a proxy shall be in writing in any usual form or in any other form which the Directors may approve (subject to the requirements of the Act) and shall be executed by or on behalf of the appointor. The signature on such appointment need not be witnessed. A body corporate may execute a form of proxy

under its common seal or under the hand of a duly authorised officer thereof. A proxy need not be a member of the Company.

**49. Receipt of proxies**

Where the appointment of a proxy and the power of attorney or other authority, if any, under which it is executed, or a copy of such authority certified notarially or in some other way approved by the Directors is to be received by the Company:

- (a) in physical form, it shall be deposited at the Office, or at such other place or one of such other places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting or any form of proxy sent out by the Company in relation to the meeting, not later than the latest time approved by the Directors (subject to the requirements of the Acts), and in default shall not be treated as valid; or
- (b) in electronic form, in the manner provided for in accordance with Article 50,
  - (i) provided that in the case of a meeting which is adjourned to a date which is after but less than seven (7) days after the date of the meeting which was adjourned or in the case of a poll which is to be taken on a date which is after but less than seven (7) days after the date of the meeting or adjourned meeting at which the poll was demanded, it shall be sufficient if the appointment of proxy and any such authority and certification thereof as aforesaid is lodged with the Secretary at the commencement of the adjourned meeting or (as the case may be) of the taking of the poll; and
  - (ii) an appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require to be delivered again for the purposes of any subsequent meeting to which it relates.

**50. Electronic Proxy**

- (a) Notwithstanding anything contained in these Articles, in relation to any shares, the appointment of a proxy and any authority under which it is executed (or otherwise authenticated in a manner approved by the Directors) or a copy of such authority (or the information contained therein), certified notarially or in some other way authenticated in a manner approved by the Directors may be made by electronic means (including without limitation by means of electronic communication generated and sent by members to the Company via a website for this purpose using identification numbers communicated by or on behalf of the Company to each member) in such manner or form and subject to such terms, conditions or restrictions as the Directors may, subject to and in accordance with the Act, determine or approve from time to time in their absolute discretion. The Directors may prescribe the method of determining the time at which any such appointment of a proxy is to be treated as received by the Company. The Directors may treat any such appointment which purports to be or is expressed to be sent on behalf of a member as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that member.

- (b) For the purposes of these Articles, the place to which the appointment of proxy should be delivered by the member shall be such number, address (including any number or address used for the purpose of communication by way of electronic mail or other electronic communication) or identification number of a member as is notified by the Directors to the members whether by way of note to the notice convening the meeting or any invitation to appoint a proxy issued by or on behalf of the Company or otherwise.
- (c) Without limiting the foregoing, in relation to any shares which are deposited in a central securities depository, the Directors may from time to time:
  - (i) permit appointments of a proxy to be made by means of an electronic communication (that is, a properly authenticated instruction, and/or other instruction or notification, which is sent by means of the relevant securities settlement system concerned and received by such central securities depository, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant securities settlement system concerned)); and may in a similar manner permit supplements to, or amendments or revocations of, any such proxy instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated instruction (and/or other instruction or notification) is to be treated as received by the Company or such central securities depository. The Directors may treat any such proxy instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder;
  - (ii) agree with the central securities depository for such other proxy arrangements to operate, including an arrangement where the Chairman of all meetings of shareholders shall, unless otherwise directed, be the proxy for all shareholder meetings in respect of all shares deposited in such central securities depository on the basis that such Chairman shall only vote as proxy in accordance with such instructions as the central securities depository may give; and
  - (iii) agree with the central securities depository that where shares have been deposited in another central securities depository that proxy instructions may be given via the systems of that other central securities depository to the exclusion of the first central securities depository.

## 51. **Effect of proxy instruments**

Receipt of an appointment of proxy in respect of a meeting shall not preclude a member from attending the meeting or any adjournment thereof. The instrument appointing a proxy shall be valid, unless the contrary is stated therein, as well for any adjournment of the meeting as for the meeting to which it relates.

52. **Effect of revocation of proxy or of authorisation**

- (a) A vote given or poll demanded in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the appointment of proxy was executed, or the transfer of the share in respect of which the appointment of proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company by electronic means in accordance with Article 50 or at the Office or at such other place or one of such other places (if any) at which the appointment of proxy could have been duly received in order to be valid for use at the meeting or adjourned meeting before commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which the appointment of proxy is to be used.
- (b) The Directors may send, at the expense of the Company, by post or otherwise, to the members instruments of proxy (with or without arrangements for their return prepaid) for use at any general meeting or at any class meeting, either in blank or nominating any Director or other person and, if thought fit, any other person or persons in the alternative. If for the purposes of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote thereat by proxy, but the accidental omission to issue such invitations to, or the non receipt of such invitation by, any member shall not invalidate the proceedings at any such meeting.

53. **Bodies corporate acting by representatives at meetings**

- (a) Any body corporate which is a member of the Company or a proxy appointed to act on behalf of a member of the Company may, by resolution of its Directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of members of the Company, and any person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were a member of the Company (or a proxy appointed to act on behalf of a member of the Company, as applicable) or where of the rights attached to the shares in respect of which he is so authorised.
- (b) Any body corporate which is an owner of a share may by resolution of its directors or other governing body authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or of any class of members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise in accordance with Article 6 or this Article 53.

## **PART XIV – DIRECTORS**

### **54. Number of Directors**

- (a) Unless otherwise determined by Company in general meeting, the number of Directors shall not be more than sixteen or less than two
- (b) The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors is reduced below the number fixed by or pursuant to these Articles as the minimum number of Directors or the quorum of the Directors, the remaining Director or Directors may act only for the purpose of filling vacancies or of summoning a general meeting for the purpose of appointing Directors, but if there be no Director or Directors able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors. Subject to the provisions of the Acts and of these Articles, any additional Director so appointed shall retire at the annual general meeting of the Company next following such appointment and shall then be eligible for re-appointment but he shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

### **55. Share qualification**

A shareholding qualification for Directors may be fixed by the Company in general meeting and, unless and until so fixed, no qualification shall be required. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

### **56. Ordinary remuneration of Directors**

Each Director shall be paid a fee for his services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. Any sums payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other Article and shall accrue from day to day.

### **57. Special remuneration of Directors**

Any Director who holds any additional office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration either by a fixed sum or by a percentage of profits or otherwise as may be determined by a resolution passed at a meeting of the Directors and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled as a Director.

### **58. Expenses of Directors and use of Company Property**

- (a) The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or of committees of Directors or of general meetings or of separate meetings of the Holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

- (b) A Director is expressly permitted (for the purposes of section 228(1)(d) of the Act) to use the Company's property subject to such conditions as may be approved by the Board or such conditions as may have been approved pursuant to such authority as may be delegated by the Board in accordance with these Articles.

## **PART XV- ALTERNATE DIRECTORS**

### **59. Alternate Directors**

- (a) Each Director (other than an alternate Director) may, by notice in writing delivered to the Secretary at the Office, or in any other manner approved by the Directors, appoint any other Director, or any person approved for that purpose by the Directors and willing to act, to be his alternate.
  - (i) No appointment of an alternate Director who is not already a Director shall be effective until his consent to act as a Director in the form prescribed by the Act has been received at the Office.
  - (ii) An alternate Director need not hold a share qualification and shall not be counted in reckoning any maximum or minimum number of Directors allowed by these Articles.
  - (iii) A Director may, by notice in writing delivered to the Secretary at the Office, revoke at any time the appointment of any alternate appointed by him.
- (b) Every alternate Director shall (subject to his giving to the Company an address at which notices may be served on him) be entitled to receive notice of all meetings of the Directors and (subject to the approval of the Directors) of all meetings of committees of the Directors of which his appointor is a member and, in the absence from such meetings of his appointor, to attend and vote at such meetings and to be counted in the quorum and to exercise all the powers, rights, duties and authorities of his appointor. A Director or other person acting as alternate Director shall have a separate vote at such meetings for each Director for whom he acts as alternate Director (which shall, in the case of a Director acting as alternate, be in addition to his own vote as a Director), but he shall count as only one for the purpose of determining whether a quorum is present.
- (c) Every person acting as an alternate Director shall be an officer of the Company, shall alone be responsible to the Company for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.
- (d) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director. However, he shall not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as such appointor may by notice in writing to the Company direct. Subject to this paragraph, the Company shall pay to an alternate Director such expenses as might properly have been paid to him if he had been a Director.
- (e) An alternate Director shall cease to be an alternate Director:
  - (i) if his appointor revokes his appointment; or

- (ii) if his appointor ceases for any reason to be a Director, provided that if any Director retires at an annual general meeting but is re-appointed or deemed to be re-appointed at the same meeting, any valid appointment of an alternate Director which was in force immediately before his retirement shall remain in force; or
- (iii) if any event happens in relation to him which, if he were a Director otherwise appointed, would cause him to vacate office.

## **PART XVI - POWERS OF DIRECTORS**

### **60. Directors' powers**

Subject to the provisions of the Acts and these Articles and to such directions, not being inconsistent with the Acts or these Articles, as may be given by the Company in general meeting, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company as are not by the Acts or these Articles required to be exercised by the Company in general meeting. No alteration of these Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

### **61. Delegation to a Director**

The Directors may entrust to and confer upon a Director, officer or member of management of the Company or any of its subsidiaries any of the powers, authorities and discretions exercisable by them (with power to sub-delegate) upon such terms and subject to such conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### **62. Delegation to committees**

- (a) The Directors may delegate any of their powers, authorities and discretions (with power to sub-delegate) for such time, upon such terms and subject to such conditions and with such restrictions as they think fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons, provided that:
  - (i) a majority of the members of a committee shall be Directors;
  - (ii) and no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.
- (b) The Directors may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that respect and may from time to time revoke, withdraw, alter or vary any of such powers and discharge any such committee in whole or in part. Insofar as any power, authority or discretion is so delegated, any reference in these Articles to the exercise by the Directors of such power, authority or discretion shall be construed as if it were a reference to the exercise of such power, authority or discretion by such committee.

### **63. Appointment of attorneys**

The Directors may, from time to time and at any time by power of attorney under seal, appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and

for such period and subject to such conditions as they may think fit. Any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit and may authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

**64. Local management**

The Directors may establish any local or divisional boards or agencies for managing any of the affairs of the Company in any specified locality, either in the State or elsewhere, and may appoint any persons to be members of any such local or divisional board or agency and may fix their remuneration and may delegate to any local or divisional board or agent any of the powers, authorities and discretions vested in the Directors with power to sub-delegate and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith with any such local board or agency, without notice of any such removal, annulment or variation, shall be affected thereby. The Directors may confer such powers either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that respect and may from time to time revoke, withdraw, alter or vary all or any of such powers. Subject to any terms and conditions expressly imposed by the Directors, the proceedings of any local or divisional board or agency with two or more members shall be governed by such of these Articles as regulate the proceedings of the Directors, so far as they are capable of applying.

**65. Use of designation "director"**

The Directors may from time to time appoint any person to any office or employment having a designation or title including the word "**director**" or attach to any existing office or employment with the Company such a designation or title and may at any time determine any such appointment or the use of any such designation or title. The inclusion of the word "**director**" in the designation or title of any such office or employment with the Company shall not imply that the holder thereof is a Director of the Company nor shall such holder thereby be empowered in any respect to act as a Director of the Company or to be deemed to be a Director for any of the purposes of the Articles.

**66. Borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof and, subject to the Act, to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

**67. Execution of negotiable instruments**

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall determine from time to time by resolution.

## **PART XVII - APPOINTMENT AND RETIREMENT OF DIRECTORS**

### **68. Position of retiring Director**

A Director who retires at an annual general meeting by rotation or otherwise may, if willing to act, be re-appointed. If he is not re-appointed (or deemed to have been re-appointed pursuant to these Articles), he shall retain office until the end of the meeting except where a resolution is passed to elect another person in his place or a resolution for his re-appointment is put to the meeting and lost. Accordingly, a retiring Director who is re-appointed (or deemed to have been re-appointed) will continue in office without a break.

### **69. Deemed re-appointment**

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy, the retiring Director, if willing to act, shall be deemed to have been re-appointed, unless at the meeting it is resolved not to fill the vacancy or a resolution for the re-appointment of the Director is put to the meeting and lost or such Director has given notice to the Company that he is unwilling to be re-appointed.

### **70. Eligibility for appointment**

No person other than a Director retiring at the meeting shall be appointed or re-appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than forty two (42) days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment stating whether the person is proposed as an additional Director or to replace a Director who is retiring or being removed and the particulars which would be required, if he were so appointed, to be included in the Company's register of Directors, together with notice executed by that person of his willingness to be appointed.

### **71. Appointment of additional Directors**

- (a) Subject as aforesaid, the Company by ordinary resolution may appoint a person to be a Director either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.
- (b) The Directors may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

### **72. Resolution for appointment**

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been passed by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void.

## **PART XVIII - DISQUALIFICATION AND REMOVAL OF DIRECTORS**

### **73. Disqualification of Directors**

(a) The office of a Director shall be vacated automatically if:

- (i) he ceases to be a Director by virtue of any provision of the Acts or he becomes prohibited by law from being a Director or a declaration in respect of him is made by the court pursuant to Part 14 of the Act; or
- (ii) he is adjudicated bankrupt, or any event equivalent or analogous thereto occurs, in the State or any other jurisdiction or he makes any arrangement or composition with his creditors generally; or
- (iii) in the opinion of a majority of his co-Directors, he becomes incapable by reason of mental disorder of discharging his duties as a Director; or
- (iv) (without committing a breach of any contract between him and the Company) he resigns his office by notice to the Company; or
- (v) he is convicted of an indictable offence, unless the Directors otherwise determine; or
- (vi) he shall have been absent for more than six (6) consecutive months without permission of the Directors from meetings of the Directors held during that period and his alternate Director (if any) shall not have attended any such meeting in his place during such period, and the Directors pass a resolution that by reason of such absence he has vacated office; or
- (vii) he is required in writing by all his co-Directors to resign.

(b) A Director shall not be required to retire at any time on account of age.

### **74. Removal of Directors**

The Company may, by ordinary resolution of which notice has been given in accordance with the provisions of the Acts, remove any Director before the expiry of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may, if thought fit, by ordinary resolution appoint another Director in his stead. Any person so appointed shall be subject to retirement at the same time by rotation or otherwise (as the case may be) as if he had been appointed a Director on the date on which and in the manner in which the Director in whose place he is appointed was last appointed or re-appointed a Director. Nothing in this Article shall be taken as depriving a person removed hereunder of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment terminating with his appointment as Director.

## **PART XIX - DIRECTORS' OFFICES AND INTERESTS**

### **75. Executive offices**

- (a) The Directors may appoint one or more of their body to the office of managing director or joint managing director or to any other executive office under the Company (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may revoke any such appointment at any time.
- (b) A Director holding any such executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise or partly in one way and partly in another, as the Directors may determine.
- (c) The appointment of any Director to the office of chairman, deputy chairman, managing director or joint managing director shall determine automatically if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (d) The appointment of any Director to any other executive office shall not determine automatically if he ceases for any cause to be a Director unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

### **76. Directors may have interests**

Subject to the provisions of the Act and provided that he has complied with Articles 77 and 78, a Director, notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any contract, arrangement, transaction or proposal with the Company or any subsidiary or associated company thereof or in which the Company or any subsidiary or associated company thereof is otherwise interested;
- (b) may hold any other office or place of profit under the Company (except that of auditor or of auditor of a subsidiary of the Company) in conjunction with his office of Director, and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors shall arrange;
- (c) may be a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or associated company of the Company is otherwise interested; and
- (d) shall not be accountable, by reason of his office, to the Company for any profit, remuneration or other benefit which he derives from any such contract,

arrangement, transaction, proposal, office, place of profit or employment or from any interest in any such body corporate;

and no such contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director is in any way interested shall be liable to be avoided on account of such interest.

Nothing in section 228 of the Act shall restrict a Director from entering into any commitment which has been approved by the Board or has been approved pursuant to such authority as may be delegated to the Board in accordance with these Articles. It shall be the duty of each Director to obtain the prior approval of the Board, before entering into any commitment permitted by section 228 of the Act.

#### **77. Disclosure of interests by Directors**

- (a) A Director who is in any way, whether directly or indirectly, interested in any contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the Directors at which the question of entering into the contract, arrangement, transaction or proposal is first considered, or, if the Director was not at the date of that meeting interested therein, at the next meeting of the Directors held after he became so interested, and, in a case where the Director becomes interested in a contract, arrangement, transaction or proposal after it is made, at the first meeting of the Directors held after he becomes so interested.
- (b) A copy of every declaration made and notice given under this Article shall be entered within three (3) days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, Auditor or member of the Company at the Office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.
- (c) For the purposes of this Article:
  - (i) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any contract, arrangement, transaction or proposal in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such contract, arrangement, transaction or proposal of the nature and extent so specified; and
  - (ii) an interest of which a Director has no knowledge and of which it would be unreasonable to expect him to have knowledge shall not be treated as an interest of his.

#### **78. Interested Director not to vote or count for quorum**

- (a) Save as otherwise provided by these Articles or by a resolution of the members, a Director shall not vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has an interest which (together with any interest of any person connected with him within the meaning of paragraph (e)(i)) is to his knowledge material (otherwise

than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company). A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

(b) A Director shall be entitled (in the absence of any other material interest than is indicated below) to vote (and to be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (iv) any proposal concerning any other company in which he (together with any persons connected with him within the meaning of paragraph (e)(i)) does not to his knowledge have an interest (as that term is used in Chapter 4 of Part 17 of the Act) in one per cent. (1%) or more of either any class of the equity share capital of, or the voting rights in, such company;
- (v) any proposal relating to any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates; or
- (vi) any proposal concerning the giving of any indemnity to the Directors or any of them pursuant to Article 122 or the discharge of the cost of any insurance which the Company proposes to maintain or purchase for the benefit of the Directors or any of them or for the benefit of persons who include the Directors or any of them.

(c) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (b)(iv)) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- (d) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum, and such question is not resolved by his voluntarily agreeing to abstain from or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fully disclosed to the Directors. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by resolution of the Directors (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fully disclosed to the Directors.
- (e) For the purposes of this Article:
  - (i) section 220 of the Act shall apply for the purposes of determining whether a person is connected with a Director except that in paragraph (b) a person who is a child (not being a minor child), parent, brother or sister of a Director shall not by virtue only of that relationship be deemed to be connected with the Director; and
  - (ii) in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director.
- (f) Subject to the Act, the Company may by ordinary resolution suspend or relax the provisions of this Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

#### 79. **Exercise of rights in other companies**

Subject to the provisions of these Articles and the Act, the Directors may exercise or procure the exercise of the rights conferred by the shares in any other company held or owned by the Company, and may exercise any rights to which they are entitled as directors of such other company, in such manner as they shall in their absolute discretion think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, officers or servants of such other company, and fixing their remuneration as such, and may vote as directors of the Company in connection with any of the matters aforesaid.

#### 80. **Entitlement to grant pensions**

The Directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any Director, former Director or other officer or former officer of the Company or to any person who holds or has held any employment with the Company or with any body corporate which is or has been a subsidiary or associated company of the Company or a predecessor in business of the Company or of any such subsidiary or associated company and to any member of his family or any person who is or was dependent on him and may set up, establish, support, alter, maintain and continue any scheme for providing all or any such benefits and for such purposes any Director accordingly may be, become or remain a member of, or rejoin,

any scheme and receive or retain for his own benefit all benefits to which he may be or become entitled thereunder. The Directors may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme in respect of any of the persons or class of persons above referred to who are or may be or become members thereof.

## **PART XX - PROCEEDINGS OF DIRECTORS**

### **81. Convening and regulation of Directors' meetings**

Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retrospective. Notice of a meeting of the Directors shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent in writing by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors to him at his last known address or any other address given by him to the Company for this purpose. The Directors may make regulations for the giving of notice of a meeting of the Directors in such circumstances and subject to such conditions and requirement as they think fit. A Director absent or intending to be absent from the State may request the Directors in writing that notices of meetings of the Directors shall during his absence be sent in writing to him at his last known address or any other address given by him to the Company for this purpose, but in the absence of any such request or in the case where oral notice only is given of a meeting of the Directors, it shall not be necessary to give notice of a meeting of the Directors to any Director who is for the time being absent from the State.

### **82. Quorum for Directors' meetings**

The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be a majority of the Directors. Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of that meeting if no other Director objects and if otherwise a quorum would not be present.

### **83. Voting at Directors' meetings**

- (a) Questions arising at any meeting of Directors shall be decided by a majority of votes. Where there is an equality of votes, the chairman of the meeting shall have a second or casting vote.
- (b) Each Director present shall have one vote and in addition to his own vote shall be entitled to one vote in respect of each other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and shall be in writing and may be sent by delivery, post, cable, telegram, telex, telefax, electronic mail or any other means of communication approved by the Directors and may bear a printed or facsimile signature of the Director giving such authority. The authority must be delivered to the Secretary for filing prior to, or shall be produced at, the first meeting at which a vote is to be cast pursuant thereto provided that no Director shall be entitled to any vote at a meeting on behalf of another Director pursuant to this paragraph if the other Director shall have appointed an alternate Director and that alternate Director is present at the meeting at which the Director proposes to vote pursuant to this paragraph.

84. **Electronic communication meetings**

- (a) For the purpose of these Articles, the contemporaneous linking together by telephone or other means of electronic communication of a number of Directors not less than the quorum shall be deemed to constitute a meeting of the Directors and all the provisions in these Articles as to meetings of the Directors shall apply to such a meeting, provided that:
  - (i) each of the Directors taking part in such a meeting is able to hear, and speak to, each of the other Directors taking part; and
  - (ii) at the commencement of such a meeting each Director must acknowledge his presence and that he accepts that the proceedings shall be deemed to be a meeting of the Directors.
- (b) Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the chairman of the meeting is present and if neither applies, in such location as the meeting itself decides.
- (c) A Director may not cease to take part in such a meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the chairman of the meeting, and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting.
- (d) A minute of the proceedings at such meeting by telephone or other means of communication shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the chairman of the meeting.
- (e) The provisions of this Article shall apply, mutatis mutandis, to meetings of committees of the Directors.

85. **Chairman of meetings of Directors**

If no chairman is appointed under Article 75, the Directors may appoint one of their number to be chairman, and if no deputy chairman is appointed under that Article the Directors may appoint one of their number to be deputy chairman; and they may remove from office at any time any chairman or deputy chairman appointed under the foregoing provisions of this Article. The chairman of the meetings of the Directors shall be the chairman, if any, appointed under Article 75 or the foregoing provisions of this Article and in his absence the deputy chairman, if any, so appointed. If neither chairman nor deputy chairman is appointed under Article 75 and neither chairman nor deputy chairman is elected under the foregoing provisions of this Article, or no such person is present at any meeting of the Directors within five (5) minutes after the time appointed for holding such meeting, the Directors present may choose one of their number to be chairman of the meeting. References in this Article to "**deputy chairman**" shall be construed as including, in the absence of an appointment of someone with that specific title, a person appointed to an office known by another title which, at or before the time of his appointment or election as such, is designated by the Directors as being equivalent to the office of deputy chairman.

86. **Proceedings of committees**

The meetings and proceedings of any committee or sub-committee of the Directors consisting of two or more members shall be governed *mutatis mutandis* by the provisions of these Articles regulating the meetings and proceedings of the Directors so far as the same are not superseded by any regulations made by the Directors. Any committee or sub-committee so formed shall in the exercise of the powers or discretions so delegated conform to any regulations which may from time to time be imposed by the Directors.

87. **Validity of acts of Directors**

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director, alternate Director or member of a committee shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any person or persons acting as aforesaid, or that they or any of them were disqualified from holding office or were not entitled to vote or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

88. **Directors' resolutions in writing**

A resolution in writing signed by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors shall be as valid as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors, and such resolution when duly signed may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission, by electronic mail or by some other similar means of transmitting the contents of documents. A resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity.

## **PART XXI - SECRETARY**

### **89. Appointment of Secretary**

Subject to the provisions of the Acts, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit, two or more persons may be appointed joint secretaries. Anything required or authorised by the Acts or these Articles to be done by or to the Secretary may be done, if the office is vacant or there is for any other reason no Secretary readily available and capable of acting, by or to any assistant or acting Secretary appointed by the Directors or, if there is no assistant or acting Secretary readily available and capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors.

### **90. Person acting as Director and Secretary**

Any provision of the Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in the place of, the Secretary.

## **PART XXII - SEAL**

### **91. Use of Seal**

The Directors shall ensure that the Seal (including any official securities seal kept pursuant to the Acts) shall be used only by the authority of the Directors or of a duly authorised committee of the Directors.

### **92. Signature of sealed instruments**

Every instrument to which the Seal (including any such official securities seal) shall be affixed shall be signed by a Director and shall also be signed by the Secretary or by a second Director or by some other person appointed for the purpose by the Directors or a duly authorised committee of the Directors save that as regards any certificates for shares or debentures or other securities of the Company the Directors or such a committee may determine by resolution either generally or in any particular case (and subject to such restrictions as the Directors may determine) that such signatures or either of them shall be dispensed with, or be printed thereon or affixed thereto by some method or system of mechanical signature.

### **93. Official seal for use abroad**

The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

### **94. Safe custody**

The Directors shall provide for the safe custody of the Seal and of every other seal of the Company.

## **PART XXIII - DIVIDENDS AND RESERVES**

### **95. Declaration of dividends**

Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

### **96. Interim and fixed dividends**

Subject to the provisions of the Acts, the Directors may declare and pay such interim dividends as appear to them to be justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the Directors may declare and pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but subject always to any restrictions for the time being in force (whether under these Articles, under the terms of issue of any shares or under any agreement to which the Company is a party, or otherwise) relating to the application, or the priority of application, of the Company's profits available for distribution or to the declaration or (as the case may be) the payment of dividends by the Company. Subject as aforesaid, the Directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. If the Directors act in good faith they shall not incur any liability to the Holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim or fixed dividend on any shares having deferred or non-preferred rights.

### **97. Payment of dividends**

Except as otherwise provided by the rights attached to shares by the terms of issue thereof or by these Articles, all dividends shall be declared and paid according to the amounts paid on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

### **98. Deductions from dividends**

The Directors may deduct from any dividend or other moneys payable to any member in respect of a share all sums of moneys (if any) presently payable by him to the Company in relation to shares of the Company.

### **99. Dividends in specie**

Any general meeting declaring a dividend or bonus may direct, upon the recommendation of the Directors, that it shall be satisfied wholly or partly by the distribution of assets (and, in particular, of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the

rights of all the parties and may vest any such specific assets in trustees upon trust for the persons entitled to the dividend as the Directors think expedient, and generally may make such arrangements for the allotment, acceptance and sale of such specified assets or fractional certificates, or any part thereof, and otherwise as they think fit.

**100. Mode of payment of dividends or other moneys**

- (a) The Company may pay any dividend, interest or other moneys payable in cash in respect of shares by cheque, warrant, direct debit, bank transfer or any other method (including electronic media) as the Directors may consider appropriate and may remit the same by post or other delivery service to the registered address of the Holder or person entitled thereto or, in the case of joint Holders, to the registered address of the joint Holder whose name stands first in the Register, or, in the case of two or more persons being entitled to a dividend, interest or other money in consequence of the death or bankruptcy of the Holder, to any one of such persons, or to such person and to such address as the Holder or joint Holders or such other persons may in writing direct. In the case of a Holder who is also an employee of the Company or any of its subsidiaries, the Company may remit any dividend, interest or other moneys as aforesaid to such Holder through the Company's internal postal arrangements. Every cheque, warrant or other form of payment is sent or made at the risk of the person entitled to the moneys represented by it. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the Holder or joint Holders or other person entitled thereto may in writing direct, and the payment of such cheque or warrant shall be a good discharge to the Company. Where the Company pays any dividend, interest or other moneys as aforesaid by any method other than cheque or warrant, the debiting of the Company's account in respect of the appropriate amount shall be deemed a good discharge of the Company's obligation to pay such dividend, interest or other moneys. Any one of two or more joint Holders or persons entitled to a dividend, interest or other moneys in consequence of the death or bankruptcy of the Holder may give effective receipts for any dividends, interest or other moneys payable in respect of the share held by him as joint Holder or to which he is jointly entitled as aforesaid.
- (b) The Directors may, at their discretion, make arrangements to enable a central securities depository (or its nominee(s)) or any such other member or members as the Directors shall from time to time determine to receive duly declared dividends in any currency or currencies other than the currency in which such dividends are declared. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the equivalent in any such other currency of any sum payable as a dividend shall be such rate or rates, and the payment thereof shall be on such terms and conditions, as the Directors may in their absolute discretion determine.

**101. Dividends not to bear interest**

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

## 102. Shares in lieu of cash dividend

If Ordinary Shares are listed and traded on an Approved Market, the Directors may from time to time at their discretion, subject to the provisions of the Acts, offer to the Holders of Ordinary Shares in the Company (in this Article "**Shareholders**") the right to elect to receive an allotment of additional Ordinary Shares, credited as fully paid, instead of cash in respect of all or part of any cash dividend or dividends specified by such resolution or such part of such dividend or dividends as the Directors may determine. In any such case, the following provisions shall apply:

- (a) Any such resolution may specify a particular dividend or dividends or may specify all or any dividends falling to be declared or paid during a specified period being a period expiring not later than the conclusion of the annual general meeting held in the fifth year after the year in which the resolution is passed.
- (b) The basis of the allotment shall be determined by the Directors so that, as nearly as may be considered convenient in the Directors' absolute discretion (using, where necessary, such rates of exchange as the Directors may in their absolute discretion determine) but subject to section 71 of the Act, the value of the additional ordinary shares (in this Article "**New Ordinary Shares**") (excluding any fractional entitlement) to be allotted instead of any cash amount (disregarding any tax credit) of dividend shall equal such amount.
- (c) The Directors shall after determining the basis of allotment give notice to Shareholders of the right of election offered to them and shall specify the procedure to be followed and the place at which and the latest date and time by which duly completed elections must be submitted in order to be effective.
- (d) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on Ordinary Shares in respect of which the said right of election has been duly exercised under this Article (in this Article the "**Elected Ordinary Shares**") and instead thereof New Ordinary Shares shall be allotted to the Holders of the Elected Ordinary Shares on the basis of allotment determined under this Article. For such purpose the Directors shall capitalise, out of such of the sums standing to the credit of any of the reserves of the Company (including any share premium account, capital redemption reserve fund or any undenominated capital) or profit and loss account as the Directors may determine, a sum equal to the aggregate nominal amount of the New Ordinary Shares to be allotted on such basis and apply the same in paying up in full the appropriate number of unissued ordinary shares for allotment and distribution to and amongst the Holders of the Elected Ordinary Shares on such basis.
- (e) The Directors may do all acts and things which they consider necessary or expedient to give effect to any such capitalisation, and they shall have power to make such provisions as they think fit where New Ordinary Shares would otherwise have been distributable in fractions, including provisions whereby such fractional entitlements, in whole or in part, are disregarded and the benefit thereof accrues to the Company rather than to the Shareholders concerned. The Directors may authorise any person on behalf of the Shareholders concerned to enter into an agreement with the Company relating to such capitalisation and matters incidental thereto and an

agreement made under such authority shall be effective and binding on all persons concerned.

- (f) The Directors may also from time to time establish or vary a procedure for election mandates under which a Shareholder may elect to receive New Ordinary Shares credited as fully paid instead of cash in respect of all future rights that may be offered to that Shareholder under this Article until the election mandate is revoked or deemed to be revoked in accordance with the procedure.
- (g) The Directors may undertake and do such acts and things as they may consider necessary or expedient for the purpose of giving effect to the provisions of this Article.
- (h) The New Ordinary Shares allotted pursuant to the provisions of this Article shall rank pari passu in all respects with the fully paid ordinary shares then in issue save only as regards participation in the relevant dividend (or share election in lieu).
- (i) The Directors shall not proceed with any offer of a right of election unless the Company has sufficient unissued ordinary shares authorised for issue and sufficient reserves or funds that may be capitalised to give effect to it.
- (j) Notwithstanding anything to the contrary in this Article, the Directors may at any time prior to issue of the New Ordinary Shares, if it appears to them desirable to do so because of a change in circumstances, determine that the relevant dividend shall be payable wholly in cash and if they so determine then all elections made in respect of that dividend shall be disregarded. The relevant dividend shall also be payable wholly in cash if the ordinary shares cease to be listed on the Relevant Exchange(s) at any time prior to the due date of issue of the New Ordinary Shares or if such listing is suspended at any time prior to that due date and is not reinstated by the date immediately preceding that due date.
- (k) Notwithstanding anything to the contrary in this Article, the Directors may exclude such Shareholders from any offer of a right of election as they may think fit in the light of any legal or practical problems or considerations arising under the laws of, or the requirements of any regulatory or stock exchange authority in, any territory or jurisdiction.
- (l) Where a resolution sanctioning the offer to Shareholders of the right to receive an allotment of additional ordinary shares instead of a cash dividend is passed at a general meeting and that resolution relates in whole or in part to a dividend declared at that meeting, then the resolution declaring that dividend shall be deemed not to take effect until the end of the meeting.

### 103. **Unclaimed dividends**

All dividends, interest or other sums payable which remains unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. If the Directors so resolve, all dividends or interest which have remained unclaimed for 12 years after having been declared shall be forfeited and cease to remain owing by the Company. The retention by the Company, or payment into a separate account, of any unclaimed dividend,

interest or other moneys payable by the Company in respect of a share in lieu shall not constitute the Company a trustee in respect thereof.

**104. Reserves**

Subject to the Acts, before recommending any dividend, whether preferential or otherwise, the Directors may carry to reserve out of the profits of the Company such sums as they think proper. All sums standing to reserve may be applied from time to time in the discretion of the Directors for any purpose to which the profits of the Company may be properly applied and at the like discretion may be either employed in the business of the Company or invested in such investments as the Directors may lawfully determine. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they may lawfully determine. Any sum which the Directors may carry to reserve out of the unrealised profits of the Company shall not be mixed with any reserve to which profits available for distribution have been carried. The Directors may also carry forward, without placing the same to reserve, any profits which they may think it prudent not to divide.

**105. Record dates**

Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares and subject always to the Acts, the Company or the Directors may by resolution specify any date (the "**record date**") as the date at the close of business (or such other time as the Directors may determine) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular and such record date may be on or at any time before the date on which the same is paid, made, given or served or (in the case of any dividend, distribution, interest, allotment or issue) at any time after the same is recommended, resolved, declared or announced but without prejudice to the rights inter se in respect of the same of transferors and transferees of any such shares or other securities. No change in the register of such holders after the record date shall invalidate the same.

## **PART XXIV – ACCOUNTS**

### **106. Accounts**

- (a) The Directors shall, in accordance with Chapter 2 of Part 6 of the Act, cause to be kept adequate accounting records, whether in the form of documents, electronic form or otherwise.
- (b) The accounting records shall be kept at the Office or, subject to the provisions of the Acts, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.
- (c) The Directors shall determine from time to time whether and to what extent and at what times and places and under what conditions or regulations the accounting records of the Company or any of them shall be open to the inspection of members, not being Directors. No member (not being a Director) shall have any right of inspecting any accounting record or other book or document of the Company except as conferred by the Acts or authorised by the Directors or by the Company in general meeting.
- (d) In accordance with the provisions of the Acts the Directors shall cause to be prepared and to be laid before the annual general meeting of the Company from time to time such statutory financial statements of the Company and reports as are required by the Acts to be prepared and laid before such meeting.
- (e) A copy of the statutory financial statements of the Company (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report or summary financial statements prepared in accordance with section 1119 of the Act shall be sent, by any means referred to in Article 110, not less than twenty one (21) Clear Days before the date of the annual general meeting, to every member, and every holder of debentures, of the Company and to every other person who is entitled to receive notices of general meetings from the Company under the provisions of the Acts or these Articles; provided that this paragraph shall not require a copy of such documents to be sent to more than one of joint Holders or to any person who under the provisions of the Acts or these Articles is not entitled to receive notices of general meetings from the Company or of whose address the Company is not aware, but any member or holder of debentures to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the Office and provided that where the Directors elect to send summary financial statements to the members, any member may request that he be sent a copy of the statutory financial statements of the Company and the Company shall also make available the requisite number of copies of these documents as required by law and the rules of the Relevant Exchange(s). The Secretary shall at the same time forward the requisite number of copies of the documents referred to above to the appropriate section of the Relevant Exchange(s). No accidental non-compliance with the provisions of this paragraph shall invalidate the proceedings at the meeting.

## 107. **Auditors**

- (a) Auditors shall be appointed and their duties regulated in accordance with the Acts.
- (b) The Auditors shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any member is entitled to receive and shall be entitled to be heard at any general meeting on any part of the business of the meeting which concerns them as auditors.
- (c) Subject to the provisions of the Acts, all acts done by any persons acting as the Auditors shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in their appointment or that they were at the time of their appointment not qualified for appointment or subsequently became disqualified.

## **PART XXV - CAPITALISATION OF PROFITS OR RESERVES**

### **108. Capitalisation of profits and reserves**

The Directors may with the authority of an ordinary resolution of the Company passed upon the recommendation of the Directors:

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of share premium account, capital redemption reserve or undenominated capital;
- (b) appropriate the sum resolved to be capitalised to the Holders of ordinary shares in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those Holders of ordinary shares or as they may direct, in those proportions, or partly in one way and partly in the other, provided that:
  - (i) the share premium account, the capital redemption reserve or any undenominated capital and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares (excluding, in the case of the share premium account, the capital redemption reserve and the undenominated capital, Redeemable Shares) to be issued to Holders of ordinary shares credited as fully paid; and
  - (ii) in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment thereof;
- (c) resolve that any shares so allotted to any Holder in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividend only to the extent that the latter shares rank for dividend;
- (d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit thereof to the Company rather than to the Holders of ordinary shares concerned) or by payment in cash or otherwise as they may determine in the case of shares or debentures becoming distributable in fractions;

- (e) authorise any person to enter on behalf of all the Holders of ordinary shares concerned into an agreement with the Company providing for either:
  - (i) the allotment to them respectively, credited as fully paid, of any further shares to which they are entitled upon such capitalisation; or
  - (ii) the payment up by the Company on behalf of such Holders, by the application thereto of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares;
- (any agreement made under such authority being binding on all such Holders); and
- (f) generally do all acts and things required to give effect to such resolution.

## **PART XXVI - NOTICES**

### **109. Communications to the Company**

- (a) Subject to the Acts and except where otherwise expressly provided in these Articles, any notice, document or information to be given, served or delivered to the Company pursuant to these Articles shall be in writing in a paper copy or, subject to paragraph (b) below, in electronic form.
- (b) Subject to the Acts and except where otherwise expressly provided in these Articles, a notice, document or information may be given, served or delivered to the Company in electronic form only if this is done in such form and manner as may have been specified by the Directors from time to time for the giving, service or delivery of notices, documents or information in electronic form. The Directors may prescribe such procedures as they think fit for verifying the authenticity or integrity of any such notice, document or information given, served or delivered to it in electronic form.

### **110. Communications by the Company**

- (a) Subject to the Acts and except where otherwise expressly provided in these Articles, any notice, document or information to be given, served or delivered by the Company pursuant to these Articles shall be in writing in paper copy or electronic form.
- (b) Subject to the Acts and except where otherwise expressly provided in these Articles, any notice, document or information to be given, served or delivered in pursuance of these Articles may be given to, served on or delivered to any member by the Company:
  - (i) by handing same to him or his authorised agent;
  - (ii) by leaving the same at his registered address;
  - (iii) by sending the same by post or other delivery service in a pre-paid cover addressed to him at his registered address; or
  - (iv) by sending the notice, document (other than a share certificate) or the information in electronic form to such electronic address as may from time to time be provided by the member for that purpose or by making it available on a website (provided the Company sends to the member, by any of the means at (i) to (iii) above or by electronic means to such electronic address, notification complying with Article 111 of the fact that the notice, document or information has been placed on the website).
- (c) Where a notice, document or information is given, served or delivered pursuant to sub-paragraph (b)(i) or (ii), the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the member or his authorised agent, or left at his registered address (as the case may be).
- (d) Where a notice, document or information is given, served or delivered pursuant to sub-paragraph (b)(iii), the giving, service or delivery thereof shall

be deemed to have been effected at the expiration of 24 hours after the cover containing it in paper copy form was posted or given to delivery agents (as the case may be). In proving such giving, service or delivery, it shall be sufficient to prove that such cover was properly addressed, pre-paid and posted or given to delivery agents.

- (e) Where a notice, document or information is given, served or delivered pursuant to sub-paragraph (b)(iv), the giving, service or delivery thereof shall be deemed to have been effected:
  - (i) if sent in electronic form to an electronic address, at the expiration of 24 hours after the time it was sent; or
  - (ii) if made available on a website, at the time that the notification referred to in parenthesis in sub-paragraph (b)(iv) is deemed to be given, served or delivered in accordance with sub-paragraph (c), (d) or 110(e)(i) as the case may be.
- (f) If the Company receives a delivery failure notification following the sending of a notice, document or other information in electronic form to an electronic address in accordance with sub-paragraph (b)(iv) above, the Company shall give, serve or deliver the notice, document or information in paper copy or electronic form (but not by electronic means) to the member either personally or by post addressed to the member at his registered address or (as applicable) by leaving it at that address. This shall not affect when the notice, document or information was deemed to be received in accordance with paragraph (e) above.
- (g) Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a member shall be bound by a notice given as aforesaid if sent to the last registered address of such member (or otherwise given, served or delivered to such member in accordance with this Article 110), notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such member.
- (h) Without prejudice to the provisions of sub-paragraphs (b)(i) and (ii), if at any time by reason of the suspension or curtailment of postal services within the State, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised on the same day in at least two leading national daily newspapers published in the State and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the last of such advertisements shall appear. In any such case, the Company shall send confirmatory copies of the notice by electronic means to those members to whom the Company is entitled, in accordance with the Acts, to give notice by electronic means and through the post to those other members whose registered addresses are outside the State (if or to the extent that in the opinion of the Directors it is practicable so to do) or are in areas of the State unaffected by such suspension or curtailment of postal services, and if at least 120 hours prior to the time appointed for the holding of the meeting the posting of notices to members in the State, or any part thereof which was previously affected, has become practicable in the opinion of the Directors, the Directors shall send forthwith confirmatory copies of the notice by post to

such members. The accidental omission to give any such confirmatory copy of a notice of a meeting to, or the non-receipt of any such confirmatory copy by, any person entitled to receive the same shall not invalidate the proceedings at the meeting.

- (i) Notwithstanding anything contained in this Article, the Company shall not be obliged to take account of or make any investigation as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction or other area other than the State.

#### **111. Publication on a website**

A notification to a member of the publication of a notice, document or information on a website as permitted by these Articles shall state:

- (a) the fact of the publication of the notice, document or information on a website;
- (b) the address of that website and, where necessary, the place on that website where the notice, document or information may be accessed and how it may be accessed; and
- (c) in the case of a notice of a general meeting of members or of a class of members:
  - (i) that it concerns a notice of a meeting served in accordance with this constitution or by order of a court, as the case may be;
  - (ii) the place, date and time of the meeting; and
  - (iii) whether the meeting is to be an annual general meeting or an extraordinary general meeting; and
  - (iv) the address of any other website (if such is the case) where procedures as to voting are stated or facilitated.

The notice, document or information referred to in this Article 111 shall be published on that website, in the case of a notice of meeting, throughout the period beginning with the giving of that notification and ending with the conclusion of the meeting, and in any other case the notice, document or information shall be published on the website for a period of not less than 21 days from the giving of the notification except that, in the case of the documents referred to in section 338(2), the documents are published on the website until the conclusion of the relevant meeting.

Nothing in this Article 111 shall invalidate the proceedings of a meeting where:

- (a) any notice that is required to be published as mentioned in this Article 111 is published for a part, but not all, of the period mentioned in that regulation; and
- (b) the failure to publish that notice throughout that period is attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid, including, without limitation, system, telecommunications or power outages.

**112. Service on joint Holders**

A notice may be given by the Company to the joint Holders of a share by giving the notice to the joint Holder whose name stands first in the Register in respect of the share and notice so given shall be sufficient notice to all the joint Holders.

**113. Service on transfer or transmission of shares**

- (a) Every person who, by operation of law, transfer or otherwise, becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the Register in respect of the share, has been duly given to a person from whom he derives his title.
- (b) Without prejudice to the provisions of these Articles allowing a meeting to be convened by newspaper advertisement, a notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a member, addressed to such persons at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

**114. Signature to notices**

The signature to any notice to be given by the Company may be written or printed.

**115. Deemed receipt of notices**

A member present, either in person or by proxy, at any meeting of the Company or of the Holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

## **PART XXVII - WINDING UP**

### **116. Distribution on winding up**

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively; and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up on the shares held by them respectively; provided, however, that this Article shall not affect the rights of the Holders of shares issued upon special terms and conditions.

### **117. Distribution in specie**

If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Acts, divide among the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and, for such purpose, may value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he determines, but so that no member shall be compelled to accept any assets upon which there is a liability.

## **PART XXVIII - MISCELLANEOUS**

### **118. Minutes of meetings**

The Directors shall cause minutes to be made of the following matters, namely:

- (a) of all appointments of officers and committees made by the Directors and of their salary or remuneration;
- (b) of the names of all Directors present at each meeting of the Directors and of the names of all members thereof present at each meeting of every committee appointed by the Directors; and
- (c) of all resolutions and proceedings of all meetings of the Company, of the Holders of any class of shares in the Company, of the Directors and of committees appointed by the Directors.

Any such minute as aforesaid, if purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be receivable as *prima facie* evidence of the matters stated in such minute without any further proof.

### **119. Authentication of documents**

Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including these Articles) and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company, the Directors, or any committee, or any local or divisional board which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of proceedings at a duly constituted meeting.

### **120. Destruction of records**

- (a) The Company shall be entitled to destroy:

- (i) all instruments of transfer which have been registered, at any time after the expiration of six years from the date of registration thereof;
  - (ii) all dividend mandates and all variations or cancellations thereof and all notifications of change of name or address, at any time after the expiration of two years from the date of recording thereof;
  - (iii) all share certificates which have been cancelled, at any time after the expiration of one year from the date of such cancellation; and

- (iv) all other documents on the basis of which any entry in the Register is made, at any time after the expiry of six years from the date on which an entry in the Register was first made in respect of it.

Provided that the Company may destroy any such type of document at a date earlier than that authorised by this Article if a copy of such document is retained on microfilm or by other similar means and such copy is retained until the expiration of the period applicable to the destruction of the original of such document.

- (b) It shall be presumed conclusively in favour of the Company that every entry in the Register purporting to have been made on the basis of a document so destroyed was duly and properly made, that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, that every share certificate so destroyed was a valid and effective document and was duly and properly cancelled and that every other document so destroyed had been properly dealt with in accordance with its terms and was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; provided always that:
  - (i) this Article shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
  - (ii) nothing in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any document otherwise than as provided for in this Article which would not attach to the Company in the absence of this Article; and
  - (iii) references in this Article to the destruction of any document include references to the disposal thereof in any manner.

## 121. Untraced shareholders

- (a) The Company shall be entitled to sell to any person whosoever (including, without limitation, the Company acting in accordance with the provisions of the Act and these Articles) at the best price reasonably obtainable any share of a Holder or any share to which a person is entitled by transmission if and provided that:
  - (i) during the period of 12 years prior to the date of the publication of the advertisements referred to in subparagraph (ii) (or, if published on different dates, the later one) no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Holder or to the person entitled by transmission to the share at his address on the Register or at the last known address given by the Holder or the person entitled by transmission as that to which cheques and warrants are to be sent shall have been cashed and no communication in respect of such share shall have been received by the Company from the Holder or the person entitled by transmission (provided that

during such 12 year period at least three dividends shall have become payable in respect of such share);

- (ii) the Company shall have given notice of its intention to sell such share by advertisement in a leading daily newspaper with a national circulation in the State and in a newspaper circulating in the area in which the address referred to in subparagraph (i) is located (which advertisements, if not published on the same day, shall have been published within thirty (30) days of each other);
- (iii) during the further period of three (3) months after the date of the advertisements (or, if published on different dates, the later one) and prior to the exercise of the power of sale, the Company shall not have received any communication in respect of such share from the Holder or person entitled by transmission; and
- (iv) the Company shall have given notice in writing to the appropriate section of the Relevant Exchange(s) of its intention to sell such share, if shares of the class concerned are listed or dealt in on any Approved Market of such Relevant Exchange.

(b) To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of such share and such instrument of transfer shall be as effective as if it had been executed by the Holder or the person entitled by the transmission to such share. The transferee shall be entered in the Register as the Holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase moneys nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

(c) If during the period of 12 years referred to in paragraph (a)(i), or during any period ending on the date when all the requirements of paragraph (a)(i) to have been satisfied, any additional shares have been issued in respect of those held by the Holder or person entitled by transmission at the beginning of, or previously so issued during, any such period and all the requirements of paragraph (a) and have been satisfied in regard to such additional shares, the Company shall also be entitled to sell the additional shares.

(d) The Company shall account to the Holder or other person entitled to such share for the net proceeds of such sale by carrying all moneys in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Holder or other person. Moneys carried to such separate account may be either employed in the business of the Company or invested in such investments as the Directors may from time to time think fit. No interest shall be payable to such Holder or other person in respect of such moneys and the Company shall not be required to account for any money earned on them.

## 122. **Indemnity**

Subject to the provisions of and so far as may be admitted by the Acts but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director, Managing Director, Auditor, Secretary or other officer of the Company

shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution or discharge of his duties or in relation thereto including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

### **123. Insurance**

To the extent permitted by law, the Directors shall have the power to purchase and maintain insurance for the benefit of any person who is or was at any time a Director or other officer or employee or auditor of the Company or of any holding company of the Company or of any subsidiary or subsidiary undertaking of the Company or of such holding company, or who is or was at any time a trustee of any pension or retirement benefit scheme for the benefit of any employees or ex-employees of the Company or of any such other company or undertaking as aforesaid, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by any such person in respect of any act or omission in the actual or purported execution or discharge of his duties or in the exercise or purported exercise of his powers or otherwise in connection with his duties, powers or offices in relation to the Company or any such other company or undertaking as aforesaid or any such pension or retirement benefit scheme.

**APPENDIX B**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2020**

**ALTERNUS ENERGY GROUP, Plc  
AND SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2020**



## **ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of  
Alternus Energy Group Plc. And Subsidiaries

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Alternus Energy Group Plc. (the "Company") and subsidiaries, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' deficit and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alternus Energy Group Plc. as of December 31, 2020, and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Marcum LLP*

New York, NY

June 1, 2021

**ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2020**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$1,190,425
Accounts receivable, net	856,039
Prepaid expenses and other current assets, short term portion	705,722
Taxes recoverable	765,096
<b>Total Current Assets</b>	<b>3,517,282</b>

**Investment in Energy Property and Equipment, Net**

**Construction in Process**

Prepaid expenses and other current assets, long term portion	8,124,344
Goodwill	1,349,341
Restricted cash	558,085
<b>Total Assets</b>	<b>\$ 57,639,925</b>

**LIABILITIES AND SHAREHOLDERS' DEFICIT**

**Current Liabilities**

Accounts payable and accrued liabilities	\$ 15,495,017
Convertible and non-convertible promissory notes, current portion	25,920,464
Capital lease, current portion	100,788
<b>Total Current Liabilities</b>	<b>41,516,269</b>

Convertible and non-convertible promissory notes, net of current portion

Capital lease, net of current portion	908,903
Asset retirement obligation	167,388
<b>Total Liabilities</b>	<b>59,408,611</b>

**Commitments and Contingencies Note 8**

**Shareholders' Deficit**

Common stock, 0.01 par value, 100,000,000 authorized and 9,810,454 issued and outstanding	98,106
Additional paid in capital	15,700,447
Accumulated other comprehensive loss	(93,851))
Accumulated deficit	(17,473,388)
<b>Total Shareholders' Deficit</b>	<b>(1,768,686)</b>
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$ 57,639,925</b>

The accompanying notes are an integral part of these consolidated financial statements

**ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Revenues</b>	\$4,693,632
Cost of revenues	(1,188,894)
<b>Gross Profit</b>	<b>3,504,738</b>
<b>Operating Expenses</b>	
Selling, general and administrative	3,141,064
Depreciation and amortization	2,004,268
<b>Total Operating Expenses</b>	<b>5,145,332</b>
<b>Loss from Operations</b>	(1,640,594)
<b>Other expense</b>	
Interest expense	(4,823,336)
<b>Total other expense</b>	<b>(4,823,336)</b>
<b>Net Loss before Provision for Income Taxes</b>	<b>(6,463,930)</b>
Provision for Income Taxes	-
<b>Net Loss</b>	<b>\$ (6,463,930)</b>
Basic and diluted loss per share	(\$6.58)
<b>Weighted average shares outstanding:</b>	
Basic and diluted	982,287
Comprehensive loss:	
Net loss	(\$6,463,930)
Unrealized gain on currency translation adjustment	548,831
<b>Comprehensive loss</b>	<b>\$ (5,915,099)</b>

The accompanying notes are an integral part of these consolidated financial statements

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**ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

							Additional	Accumulated		
	Preferred Shares		Class A Common stock issued		Class B Common stock issued			Comprehensive	Other	Accumulated
	Series	Amount	Shares	Amount	Shares	Amount	Capital	Income/(Loss)	Deficit	
<b>Balance at January 1, 2020</b>	<b>5,000,000</b>	<b>\$5,000</b>	<b>681,826</b>	<b>\$68,183</b>	<b>15,000,000</b>	<b>\$15,000</b>	<b>\$15,442,118</b>	<b>\$(642,682)</b>	<b>\$(11,009,458)</b>	<b>\$3,878,161</b>
Conversion of preferred shares to Class A common shares	(5,000,000)	(\$5,000)	500,000	50,000	-	-	(45,000)	-	-	-
Stock Compensation	-	-	7,333	733	-	-	80,817	-	-	81,550
Shares issued - related to financing of debt	-	-	16,046	1,605	-	-	185,097	-	-	186,702
Recapitalization and share exchange see Note:	-	-	8,605,249	(22,415)	(15,000,000)	(15,000)	37,415	-	-	-
Unrealized gain on currency translation adjustment	-	-	-	-	-	-	-	548,831	-	548,831
Net loss	-	-	-	-	-	-	-	-	(6,463,930)	(6,463,930)
<b>Balance at December 31, 2020</b>	<b>-</b>	<b>-</b>	<b>9,810,454</b>	<b>\$98,106</b>	<b>-</b>	<b>-</b>	<b>\$15,700,447</b>	<b>\$(93,851)</b>	<b>\$(17,473,388)</b>	<b>\$(1,768,686)</b>

The accompanying notes are an integral part of these consolidated financial statements

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**ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>For the Year Ended December 31, 2020</b>
<b>Cash Flows from Operating Activities:</b>	
Net loss	\$ (6,463,940)
<i>Adjustments to reconcile net loss to net cash used in operations</i>	
Depreciation and amortization	2,004,268
Stock compensation costs	268,879
Stock compensation, related to financing	186,072
Amortization of debt discount	424,199
<i>Changes in assets and liabilities, net of acquisition and disposals:</i>	
Accounts receivable and other short-term receivables	(151,695)
Prepaid expenses	(7,829,541)
Accounts payable and accrued liabilities	11,152,143
<b>Net Cash Used in Operating Activities</b>	<b>(409,615)</b>
<b>Cash Flows from Investing Activities:</b>	
Cash used for investment in energy assets	(483,044)
Cash used for construction in process	(1,520,943)
<b>Net Cash Used In Investing Activities</b>	<b>(2,003,987)</b>
<b>Cash Flows from Financing Activities:</b>	
Payments of debt principal, related parties	(48,191)
Proceeds from debt, senior debt	2,785,243
Payments on leased assets – principals	(94,440)
<b>Net Cash Provided by Financing Activities</b>	<b>2,642,612</b>
<b>Effect of exchange rate on cash</b>	<b>93,071</b>
<b>Net increase in cash, cash equivalents and restricted cash</b>	<b>322,081</b>
Cash, cash equivalents, and restricted cash beginning of the period	1,426,429
<b>Cash, cash equivalents, and restricted cash end of the period</b>	<b>\$1,748,510</b>
Cash and cash equivalents	1,190,425
Restricted cash	558,085
<b>Cash, cash equivalents, and restricted cash end of the period</b>	<b>\$1,748,510</b>

The accompanying notes are an integral part of these consolidated financial statements

**ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES**  
**CONSOLIDATED SUPPLEMENTAL STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>December 31, 2020</b>
<b>Supplemental Cash Flow Disclosure</b>	
Cash paid for interest	<u><u>\$ 427,393</u></u>

## **ALTERNUS ENERGY GROUP PLC AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Organization and Formation**

Alternus Energy Group Plc ("We", "ALTN" or the "Company" and together with its consolidated subsidiaries, the "Group") was incorporated in Dublin, Ireland on January 31, 2019 under the name Alternus Energy International Limited. On October 20, 2020 the Company re-registered as a Plc and changed its name to Alternus Energy Group PLC.

The Company is a former subsidiary of the previous parent company of the Group, Alternus Energy Inc., but became the new parent company of the Group following completion of a reorganization. On December 2, 2020, the Group completed the last step of a reorganization, which resulted in the Company becoming the parent company of the Group (the "Reorganization"). The Reorganization included the following main steps: (i) the Company re-registered as a Plc in Ireland (from a Limited company), (ii) the Company incorporated Solis Bond Company, a Designated Activity Company, (iii) Altam Inc., the Company's parent company at the time, spun out the Company through the issuance of a share dividend / the distribution of the Company's shares to Altam Inc.'s shareholders, and (iv) the Company acquired Altam Inc. through a share for share exchange. The net result of the reorganization was no change to the carrying value of the equity. The share dividend was at a 1:1.5 ratio and the share exchange was at 1:4.5.

#### Consolidated subsidiaries are as follows:

##### *AE Europe B.V. (formerly Power Clouds Europe B.V.)*

In August of 2016, a new wholly owned subsidiary in the Netherlands, AE Europe B.V. (formerly named Power Clouds Europe B.V.) was incorporated to ultimately hold the Group's European operating companies and sub-holding companies as appropriate.

##### *PC-Italia-01 S.R.L. (Formerly Power Clouds Wind Italia S.R.L.)*

In June of 2015, a company in Italy, PC-Italia-01 S.R.L. (formerly named Power Clouds Wind Italia S.R.L.) was incorporated to acquire the Group's Italian special purpose vehicles (SPVs), power plants and / or other assets located in Italy.

##### *PC-Italia-02 S.p.A. (Formerly PC-Italia-02 S.R.L.)*

In August of 2016, a new company in Italy, PC-Italia-02 SRL was incorporated as a wholly owned subsidiary of AE Europe B.V. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, this company completed the acquisition of the Sant'Angelo Energia S.r.l. in Italy which operates a 702kW PV solar park. Subsequently, in April of 2019, PC-Italia-02 acquired four additional SPVs in Italy, CIC Rooftop 2 S.r.l., CIC RT Treviso S.r.l., SPV White One S.r.l., CTS Power 2 S.r.l.

##### *PCG\_HoldCo GmbH & PCG\_GP UG*

In June of 2018, one of the Company's subsidiaries acquired 100% of the share capital of two companies in Germany which were renamed as PCG\_HoldCo GmbH and PCG\_GP UG immediately thereafter. These two companies were acquired in order to acquire German special purpose vehicles, PV solar parks and/or other assets located in Germany. During the year ended December 31, 2018, PCG\_HoldCo completed the acquisitions of 4 SPVs in Germany, PSM 20 GmbH & Co KG, GRK 17.2 GmbH & Co KG, GRT 1.1 GmbH and PSM 40 GmbH & Co KG. In December of 2018, one of the Company's subsidiaries acquired 100% of the share capital of another company in Germany which was renamed to ALTN HoldCo UG.

##### *Alternus Energy International Limited*

In March of 2019, a new wholly owned subsidiary in Ireland, Alternus Energy International Limited, was incorporated to establish our European operations center. This company became the parent company of Group after the Reorganization in December of 2019.

##### *AEN 01 B.V.*

In June of 2019, a new wholly owned subsidiary in the Netherlands, AEN 01 B.V., was incorporated to acquire Netherlands special purpose vehicles (SPVs), project rights and other solar energy assets in the Netherlands. During

the quarter ended December 31, 2019, this company completed the acquisition of Zonnepark Rilland B.V. in the Netherlands, which operates a 11.75MW PV solar park.

In July, the Group incorporated 3 new wholly owned subsidiaries, one in the Netherlands, AEN 02 B.V, and two in Italy, PC-Italia-04 Srl, which is wholly owned by AEN 02 BV, and PC-Italia-03 Srl, which is wholly owned by Alternus Energy International Ltd. These companies were incorporated to acquire various special purpose vehicles (SPVs), project rights and other solar energy assets in various locations across Europe.

In summary, Alternus Energy Group Plc is a holding company that operates through the following twenty four operating subsidiaries as of December 31, 2020:

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date Acquired / Established</b>	<b>ALTN Ownership</b>	<b>Country of Operation</b>
Power Clouds SRL	SPV	March 31, 2015	99.5%* (via Altam)	Romania
F.R.A.N. Energy Investment SRL	SPV	March 31, 2015	99.5%* (via Altam)	Romania
AE Europe B.V.	Holding Company	August 2016	100% (via Altam)	Netherlands
PC-Italia-01 S.R.L.	Sub-Holding	June 2015	100% (via AE Europe)	Italy
PC-Italia-02 S.p.A.	SPV	August 2016	100% (via AE Europe)	Italy
Sant'Angelo Energia S.r.l.	SPV	March 30, 2017	100% (via PC_Italia_02)	Italy
PCG_HoldCo GmbH	Holding Company	July 6, 2018	100% (via Altam)	Germany
PCG_GP UG	General Partner (Management Company)	August 30, 2018	100% (via Altam)	Germany
PSM 20 UG	SPV	November 14, 2018	100% (via PCG_HoldCo)	Germany
PSM 40 UG	SPV	December 28, 2018	100% (via PCG_HoldCo)	Germany
GRK 17.2 GmbH & Co KG	SPV	November 17, 2018	100% (via PCG_HoldCo)	Germany
GRT 1.1 GmbH & Co KG	SPV	December 21, 2018	100% (via PCG_HoldCo)	Germany
ALTN HoldCo UG	SPV	December 14, 2018	100% (via PCG HoldCo)	Germany
Altam Inc	SPV	December 2002	100%	US
CIC Rooftop 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CIC RT Treviso S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
SPV White One S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CTS Power 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy

AEN 01 B.V.	SPV	June 13, 2019	100% (via Altam)	Netherlands
Zonnepark Rilland B.V.	SPV	December 20, 2019	100% (via AEN 01)	Netherlands
AEN 02 B.V.	SPV	July 2020	100% (via Altam)	Netherlands
PC-Italia-03 S.R.L.	SPV	July 2020	100%	Italy
PC-Italia-04 S.R.L.	SPV	July 2020	100% (via AEN 02)	Italy
Solis Bond Company DAC	SPV	December, 2020	100%	Ireland

*Summary:*

\*Non-controlling interest is not material

## 2. Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements during the year ended December 31, 2020, the Company had net loss of (\$6,463,930) and a working capital deficit of \$37,794,948 as of December 31, 2020. At December 31, 2020, the Company had \$1,190,425 of cash on hand.

The recent outbreak of the corona virus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. The extent to which the corona virus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

Our operating revenues are insufficient to fund our operations and our assets already are pledged to secure our indebtedness to various third party secured creditor, respectively.

Based on the following subsequent events, the Company believes its current cash position is sufficient to fund its planned operations for at least twelve months from the date these financial statements are made available, thus mitigating the risk of a going concern

In January 2021, the Company completed a private placement, consisting of a share capital increase for a total amount of \$33M (NOK 281.3 million), by issuing 13,636,364 Shares, with a nominal value of USD .012 (EUR 0.01) each, at a subscription price of NOK 20.6 per Share. The proceeds of which were used to acquire additional energy assets as well as for working capital needs.

In addition, the Company approved the issuance by one of its subsidiaries, Solis Bond Company DAC, of a series of bonds in the maximum amount of approximately \$245 million (EUR 200,000,000) pursuant to a bond term agreement for refinancing the existing facilities of approximately \$40 million (EUR 33,000,000) and funding acquisitions of approximately \$88 million (EUR 72,000,000).

As of the end of April 2021 , the Company had approximately \$6.5M of unrestricted cash which is available to fund operations.

## 3. Summary of Significant Accounting Policies

### Basis of Presentation

The consolidated financial statements include the consolidated balance sheet, statements of operations and comprehensive loss, changes in shareholders' deficit and cash flows of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) from records maintained by the Company.

### **Basis of consolidation**

The consolidated financial statements as of December 31, 2020 and for the year then ended include the accounts of the Company and the aforementioned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired or disposed of during the respective periods are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

### **Use of estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the periods presented. The most significant estimates with regard to these statements relate to the assumptions utilized in the valuation of the assets acquired, calculation of stock and warrant compensation expense, asset retirement obligations and impairment of long-lived assets. Actual results could differ from these estimates.

### **Cash and Cash Equivalents**

The Company considers cash, demand deposits and highly liquid investments with maturities of less than three months when purchased to be cash and cash equivalents. The Company maintains cash and cash equivalents with major financial institutions, which may at times exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes the risk of loss to be remote.

### **Accounts Receivable**

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within that period. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management establishes an allowance for doubtful customer accounts through a review of historical losses, specific customer balances, and industry economic conditions. Customer accounts are charged off against the allowance for doubtful accounts when management determines that the likelihood of eventual collection is remote. The Company extends credit based on an evaluation of customers' financial conditions and determines any additional collateral requirements. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company considers invoices past due when they are outstanding longer than the stated term. Additionally, the Company monitors its exposure for credit losses and maintains allowances for anticipated losses. At December 31, 2020 management determined that an allowance for doubtful accounts was not material.

### **Energy Property and Equipment**

Acquired energy property and equipment is recognized at fair value at the date of acquisition, less depreciation. Energy property constructed by the Company is recognized at its cost, less depreciation. The Company provides for depreciation utilizing the straight-line method by charges to operations over the estimated useful lives of the solar energy facilities, which is twenty years. Expenditures during the construction of new solar energy facilities are capitalized to development in progress as incurred until achievement of the commercial operation date (COD). Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement, sale or other disposition of equipment, the cost and accumulated depreciation are removed from the accounts and the related gain or loss, if any, is reflected in the year of disposal. When the Company abandons the anticipated construction of a new solar energy facility during the development phase, costs previously capitalized to development in progress are written off.

### **Goodwill and Indefinite-Lived Intangible Assets**

The Company has goodwill and certain indefinite-lived intangible assets that have been recorded in connection with the acquisition of a business. Goodwill and indefinite-lived assets are not amortized, but instead are tested for impairment at least annually. Goodwill represents the excess of the purchase price of an acquired business over the estimated fair value of the underlying net tangible and intangible assets acquired. For purposes of the goodwill impairment test, the Company has determined that it currently operates as a single reporting unit. If it is determined that an impairment has occurred, the Company adjusts the carrying value accordingly, and charges the impairment as an operating expense in the period the determination is made. Although the Company believes goodwill is

appropriately stated in the consolidated financial statements, changes in strategy or market conditions could significantly impact these judgments and require an adjustment to the recorded balance.

### **Intangible Assets**

Intangible assets consist of long-term operating contracts acquired through the acquisition of solar energy facilities. Intangible assets are initially recognized at their fair value and are amortized over the term of the related Power Purchase Agreement (PPAs) using the straight-line method. For solar energy facilities that are purchased and then put into construction, intangible assets are recorded at cost, and are amortized over the term of the related PPAs using the straight-line method.

### **Impairment of Long-Lived Assets**

The Company reviews its investment in energy property and PPAs for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When evaluating impairment, if the undiscounted cash flows estimated to be generated by the energy property are less than its carrying amount, the differential carrying amount is determined to be not recoverable. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

### **Asset Retirement Obligation**

In connection with the acquisition or development of solar energy facilities, the Company may have the legal requirement to remove long-lived assets constructed on leased property and to restore the leased property to its condition prior to the construction of the long-lived assets. This legal requirement is referred to as an asset retirement obligation (ARO). If the Company determines that an ARO is required for a specific solar energy facility, the Company records the present value of the estimated future liability when the solar energy facility is placed in service. AROs recorded for owned facilities are recorded by increasing the carrying value of investment in energy property and depreciated over the solar energy facility's useful life, while an ARO recorded for a leasing arrangement is accounted for as a liability in the initial period recognized and amortized over the term of the solar energy facility's useful life. After initial recognition of the liability, the Company accretes the ARO to its future value over the solar energy facility's useful life.

### **Revenue Recognition**

The Company follows the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from contracts with Customers. ("ASC 606") The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and the guidance defines a five-step process to achieve this core principle. ASC 606 also mandates additional disclosure about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Company derives revenues through its subsidiaries from the sale of electricity and the sale of solar renewable energy credits. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity is generated by the solar energy facility and delivered to the grid at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth in long-term contracts.

#### *Disaggregated Revenues*

The following table shows the Company's revenues disaggregated by pricing plans offered to customers:

<b><u>Net Revenue by Offtake</u></b>	<b><u>December 31, 2020</u></b>
Country Renewable Programs	\$ 4,132,050
Energy Offtake Agreements	561,582
	<b><u>\$ 4,693,632</u></b>

During the year ended December 31, 2020, four customers represented 35%, 23%, 18% and 15% of revenues and 32%, 2%, 32%, and 9% of the accounts receivable balance.

### **Taxes Recoverable**

The Company records taxes recoverable, when there has been an overpayment of taxes due to timing of the Value Added Tax (VAT) between vendors and customers. The VAT tax can also be offset against a Countries income taxes where the VAT was registered.

### **Risks and Uncertainties**

The Company's operations are subject to significant risk and uncertainties including financial, operational, technological, and regulatory risks including the potential risk of business failure. Also see Note 2 regarding going concern matters.

### **Fair Value of Financial Instruments**

The Company measures its financial instruments at fair value under GAAP establishes a framework for measuring fair value and disclosures about fair value measurements.

To increase consistency and comparability in fair value measurements and related disclosures, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company has level 3 assets and liabilities consisting of asset retirement obligations which are not material.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The carrying amount of the Company's financial assets and liabilities, such as cash, accounts payable, approximate their fair value because of the short maturity of those instruments.

### **Income Taxes**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in their financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the company has taken or expects to take in its return. For those benefits to be recognized, a tax position must be more-likely-than- not to be sustained upon examination by taxing authorities. Differences between two positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing-authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

### **Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC 718. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period.

### **Net loss per common share**

Net loss per common share is computed pursuant to ASC 260 of the FASB Accounting Standards Codification. Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants. As of December 31, 2020, the Company had 817,704 of warrants, and 473,472 of convertible shares associated with debt issuance for a total of 11,101,630 shares of common stock fully diluted.

### **Foreign Currency and Other Comprehensive Loss**

The functional currency of our foreign subsidiaries is typically the applicable local currency which is Romania Lei, Japanese Yen or European Union Euros. The translation from the respective foreign currency to United States Dollars (U.S. Dollar) is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income statement accounts using an average exchange rate during the period. Gains or losses resulting from such translation are included as a separate component of accumulated other comprehensive income. Gains or losses resulting from foreign currency transactions are included in foreign currency income or loss except for the effect of exchange rates on long-term inter-company transactions considered to be a long-term investment, which are accumulated and credited or charged to other comprehensive income.

Transaction gains and losses are recognized in our results of operations based on the difference between the foreign exchange rates on the transaction date and on the reporting date. The Company had a immaterial net foreign exchange loss for the period ended December 31, 2020. The foreign currency exchange gains and losses are included as a component of general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive (Loss). For the period ended December 31, 2020 the increase in accumulated comprehensive gain was \$548,831.

### **Preferred Stock**

We apply the accounting standards for distinguishing liabilities from equity under U.S. GAAP when determining the classification and measurement of our convertible preferred stock. Preferred Stock subject to mandatory redemption is classified as liability instruments and is measured at fair value. Conditionally redeemable Preferred Stock (including preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, preferred stock is classified as permanent equity.

### **Subsequent Events**

The Company follows the guidance in ASC 855 of the FASB ASC for the disclosure of subsequent events. The Company will evaluate subsequent events through June 1, 2021, the date when the financial statements were available to be issued. No subsequent events required disclosure except for those in Note 11.

### **Recent Accounting Standards Adopted**

#### Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13 new accounting guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. Among the changes, an entity will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 is effective for interim and annual reporting periods beginning after December

15, 2019; early adoption is permitted. Since this accounting guidance only revises disclosure requirements, it did not have a material impact on the Company's consolidated financial statements. .

In October 2018, the FASB issued new accounting guidance for Variable Interest Entities, which requires indirect interests held through related parties in common control arrangements be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The guidance is effective for the Company's interim and annual reporting periods during the year ending December 31, 2020. The Company adopted this amendment on January 1, 2021. The adoption of this accounting guidance did not have a material impact on the Company's consolidated financial statements.

### **Recent Accounting Standards Not Adopted**

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit losses (Topic 326), subsequently amended by ASU 2020-2. This new guidance will change how entities account for credit impairment for trade and other receivables, as well as for certain financial assets and other instruments. The update will replace the current incurred loss model with an expected loss model. Under the incurred loss model, a loss (or allowance) is recognized only when an event has occurred (such as a payment delinquency) that causes the entity to believe that a loss is probable (that is has been "incurred"). Under the expected loss model, a loss (or allowance) is recognized upon initial recognitions of the asset that reflects all future events that leads to a loss being realized, regardless of whether it is probable that the future event will occur. The incurred loss model considers past events and conditions, while the expected loss model includes expectations for the future which have yet to occur. ASU 2018-19 was issued in November 2018 and excludes operating leases from the new guidance. The standard will require entities to record a cumulative-effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. As an Emerging Growth Company, the standard is effective for the Company's 2022 annual reporting period and interim periods beginning first quarter of 2023. The Company is evaluating the impact of ASU 2016-13 will have on its financial statements and associated disclosures.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02) which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. This accounting guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted. Additionally, this accounting guidance requires a modified retrospective transition approach for all leases existing at, or entered into after the date of initial application, with an option to use certain transition relief. In July 2018, the FASB issued a practical expedient that would allow entities the option to apply the provisions of the new lease guidance at the effective date of adoption without adjusting the comparative periods presented.

The new lease standard also provides practical expedients and policy elections for an entity's ongoing accounting. The Company has elected the practical expedient to not separate lease and non-lease components for all of its leases. The Company has elected the short-term lease recognition exemption, which results in no recognition of right-of-use assets and lease liabilities for existing short-term leases at transition.

On December 18, 2019, the FASB issued Accounting Standards Update 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (the ASU), as part as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. The FASB's amendments primarily impact ASC 740, Income Taxes, and may impact both interim and annual reporting periods. The Company is currently evaluating the effect that the adoption of ASU 2019-12 will have on its consolidated financial statement. The guidance is effective January 1, 2021 with early adoption permitted.

In March 2021, Accounting Standards Update 2021-03—Intangibles—Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events. The amendments in this Update are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. An entity should not retroactively adopt the amendments in this Update for interim financial statements already issued in the year of adoption. The amendments in this Update also include an unconditional one-time option for entities to adopt the alternative prospectively after its effective date without assessing preferability under Topic 250, Accounting

Changes and Error Corrections. The Company is currently evaluating the effect that the adoption of ASU 2021-03 will have on its consolidated financial statement

In May 2021 Accounting Standards Update 2021-04—Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-*Classified Written Call Options* (a consensus of the FASB Emerging Issues Task Force). The amendments in this Update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for all entities, including adoption in an interim period. The Company is currently evaluating the effect that the adoption of ASU 2021-04 will have on its consolidated financial statement

#### **4. Investment in Energy Property and Equipment, Net**

As of December 31, 2020, the Company had \$34,760,182 of net investment in energy property, as outlined in the table below. The Company purchased \$483,044 of investment in energy assets in 2020.

	<b>December 31, 2020</b>
Solar energy facilities operating	\$ 39,788,789
Less accumulated depreciation and amortization	<u>(5,028,607)</u>
<b>Net Assets</b>	<b><u>\$ 34,760,182</u></b>

The estimated useful life remaining on the investment in energy property and intangible asset is between 14 and 20 years.

Depreciation and amortization expense for the twelve months ended December 31, 2020 was \$2,004,268.

The Company leases various equipment under capital leases. Assets held under capital leases are included in property and equipment as follows:

	<b>December 31, 2020</b>
Capitalized costs relating to PV plants	\$ 2,510,010
Less accumulated amortization	<u>(476,585)</u>
<b>Net Assets</b>	<b><u>\$ 2,033,426</u></b>

#### **5. Capital Leases**

We have acquired equipment through a capital lease obligations for the Sant’Angelo park in Italy. As of December 31, 2020, there was \$1,010,371 remaining on the lease of which \$100,788, net of interest, was the short-term portion. The lease commenced in 2011, has a term of 18 years and will expire in September 2029. Interest is calculated on the outstanding principal based on EURIBOR 3 months (EUR3M) plus an agreed margin for the lender. The average interest rate based on previous years is approximately 4.5% per annum. This interest amount may vary due to future changes in EUR3M index.

Capital lease future minimum payments for each of the next five years and thereafter is as follows:

2021	\$ 148,082
2022	148,082
2023	148,082
2024	148,082
2025	148,082
Thereafter	<u>503,606</u>
	1,244,016

Less Interest	
Expense	(223,645)
	<u><b>\$ 1,010,371</b></u>

## 6. Convertible and Unconvertible Promissory Notes

The following table reflects the total debt balances of the Company as of December 31, 2020:

	<b>December 31, 2020</b>
Short term line of credit	\$ 37,759
Convertible notes related parties	236,402
Senior secured debt	23,921,476
Promissory notes	16,920,392
Convertible promissory notes	<u>2,035,153</u>
Gross debt	43,151,182
Debt discount	<u>(414,667)</u>
Net debt	42,736,515
Less Current Maturities	<u>(25,920,464)</u>
Long Term Debt, net of current maturities	<u><b>\$ 16,816,051</b></u>

Debt discount amortization expense for the twelve months ended December 31, 2020 was \$424,199. In addition, there was \$186,072 of stock compensation related to financings.

### Five year debt amortization table

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Thereafter</b>	<b>Total</b>
Gross debt	\$ 26,007,895	\$ 1,102,888	\$ 1,108,229	\$ 1,113,219	\$ 1,118,312	\$ 12,700,639	\$ 43,151,182
Debt discount	(87,431)	(327,236)					414,667)
Net debt	<b>\$ 25,920,464</b>	<b>\$ 775,652</b>	<b>\$ 1,108,229</b>	<b>\$ 1,113,219</b>	<b>\$ 1,118,312</b>	<b>\$ 12,700,639</b>	<b>\$ 42,736,515</b>

### Line of Credit:

The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit of 150,000 RON. The term is twelve months which was renewed by agreement of both parties. Drawn funds accrue interest annually at a rate of the Romania Central Bank Rate (ROBOR) 3M + 3.5%, which was 5.5% as of December 31, 2020. The Company had used \$37,759 of the facility as of December 31, 2020.

### Related Party Promissory Notes:

As of December 31, 2019, there was an advance from Power Clouds Holdings Ltd., a company owned and controlled by the Company's CEO, of \$48,821 which is short term in nature and non-interest bearing. The note was paid off in 2020.

### Related Party Convertible Notes:

In February of 2019, the terms under which all cash previously loaned by VestCo Corp., a company owned and controlled by the Company's CEO, to the Company to date has been amended and restated under the identical investment transaction terms as described below, pursuant to which the Corporation executed a Securities Purchase Agreement with VestCo Corp. and issued to VestCo Corp. i) a convertible promissory note with a 15% OID, and therefore having a Principal Amount of \$291,540, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share, and ii) a warrant to purchase up to 619,522 shares of the

Corporation's Class A common stock, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term. The Company had principal outstanding of \$236,402 as of December 31, 2020.

*Senior secured debt:*

In 2016, the Company guaranteed a 6.5 million RON (equivalent to approximately US\$1,592,500) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.3% and having a term of 60 months. The Company had principal outstanding of \$423,783 as of December 31, 20120. This note was repaid in 2020.

In 2020, the Company guaranteed a 5.5 million RON (equivalent to approximately \$1.4 million) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of \$1,338,349 as of December 31, 2020. This note was repaid in April 2021

In 2020, the Company guaranteed a 3.5 million RON (equivalent to approximately US \$885,000) promissory note issued by one of its subsidiaries, FRAN Energy Investments S.R.L., a Romanian company ("FRAN") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of \$851,676 as of December 31, 20120. This note was repaid in April 2021.

In October of 2018, in order to complete additional solar park acquisitions in Germany, one of the Company's subsidiaries, Altam Inc., entered into the following agreements with a third party accredited investor (the "Lender"), in connection with one of the Company's indirect German subsidiaries, PCG\_HoldCo UG (PCG), with an interest rate of 12% and a term of 2 years. Altam had principal outstanding of \$3,920,721 as of December 31, 2020. The note is currently being renegotiated to extend the terms.

In December of 2018, PSM 20 GmbH & Co KG entered into a senior secured loan with Sparkase Bank in Germany. This relates to the acquisition of 7 photovoltaic installations as part of the PSM 20 GmbH & Co KG acquisition with an interest rate of 2.10% and a term of 18 years. PSM 20 had principal outstanding of \$2,425,191 as of December 31, 2020.

In April of 2018, PSM 40 GmbH & Co KG entered into a senior secured loan with GLS Bank in Germany. This relates to the acquisition of 6 photovoltaic installations as part of the PSM 40 GmbH & Co KG acquisition with an interest rate of 2.0% and a term of 18 years. PSM 40 had principal outstanding of \$2,665,579 as of December 31, 2020.

In October of 2018, GRT 1.1 GmbH entered into a senior secured loan with MVB Bank in Germany. This relates to the acquisition of 1 photovoltaic installations as part of the GRT GmbH acquisition, with an interest rate of 2.05% and a term of 19 years. GRT 1.1 had principal outstanding of \$671,446 as of December 31, 2019. The note was repaid in 2020.

In January of 2020, GRT 1.1 GmbH entered into a senior secured loan with DKB Bank in Germany. This relates to the acquisition of 1 photovoltaic installations as part of the GRT GmbH acquisition, with an interest rate of 2.05% and a term of 19 years. GRT 1.1 had principal outstanding of \$825,147 as of December 31, 2020.

In January of 2020, ALTN HoldCo UG entered into a construction financing loan approximatley \$2.0M with DKB Bank in Germany. This relates to the construction of 6 photovoltaic installations in Germany with an interest rate of 1.74% and a term of one year. As of December 31, 2020 there was \$1,362,902 drawn on this loan.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we assumed a third-party senior bank debt facility in the amount of approximately \$7.7 million, with an interest rate of 1.7% and a term of 14 years. Zonnepark Rilland had principal outstanding of \$7,820,595 as of December 31, 2020. This debt facility was repaid in March 2021.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we entered into a \$2.4 million bond offering issued by an accredited investor, bearing interest at 8%, amortizing over 8 years. The Company had principal outstanding of \$2,636,702 as of December 31, 2020. This note was repaid in March 2021.

*Promissory Note:*

In December of 2018, in order to complete additional solar park acquisitions in Italy, one of the Company's subsidiaries, Altam, entered into an agreement with a third party accredited investor (the "Lender"), in connection with Altam's German subsidiary, PCG\_HoldCo UG (PCG) issuing a loan note, with an interest rate of 12% and a term of 6 months. Altam had principal outstanding of \$551,868 as of December 31, 2020.

In March of 2019, in order to complete additional solar park acquisitions in Italy, Altam entered into certain loan agreement with a third party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, AE Europe B.V, with an interest rate of 12% and a term of twelve months. The proceeds of which were used to pay down existing senior secured debt. Altam had principal outstanding of \$3,164,042 as of December 31, 2020. This note was repaid in April 2021.

In June of 2019, Altam, entered into certain agreements with a third party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, AE Europe B.V, with an interest rate of 7.5% until October of 2019 and then 10% thereafter and a term of ten months. The proceeds of which were used to pay down existing senior secured debt. Altam had principal outstanding of \$10,581,146 as of December 31, 2020. This note was April repaid in 2021.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV, Altam entered into a \$1.9 million loan agreement with the seller of the park, which is due January 31, 2020, with no interest rate. Altam had principal outstanding of \$2,072,404 as of December 31, 2020. This loan agreement was repaid in January 2021.

On September 30, 2015, as part of the transaction with World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT, \$492,000 was assigned to various third parties, as non-convertible promissory notes, with interest of 7.5% and a maturity date of December 31, 2020. Altam had principal outstanding of \$509,267 as of December 31, 2020.

*Convertible Promissory Notes:*

On September 30, 2015, Altam issued a convertible loan note for \$1,000,000 to World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT. The note had a three-year term, accrued no interest, and was convertible at a fixed price of \$0.20 per share, subject to certain triggers and restrictions. In 2016 a portion of the convertible loan note of approximately \$300,000 was assigned to various third parties and is now convertible at market price, with a floor price of \$0.20 per share. Altam had principal outstanding of \$244,800 as of December 31, 2020. The notes were repaid in January 2021.

In July of 2018, Altam issued a convertible promissory note to a third party foreign investor in exchange for a cash provided to Altam for working capital purposes. The note accrues 15% annual interest and is convertible into shares of restricted Class A common stock at \$0.20 per share, at the noteholder's option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. Altam had principal outstanding of \$304,294 as of December 31, 2019. The note was repaid in 2020.

In July of 2018, Altam issued a €80,000 convertible promissory note to a third party foreign consultant in exchange for sales commissions owed. The note accrues 15% annual interest and is convertible into shares of restricted Class A common stock at \$0.20 per share, at the noteholder's option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. Altam had principal outstanding of \$89,718 as of December 31, 2019. The note was repaid in 2020.

In February of 2019, Altam entered into a Securities Purchase Agreement with 4 accredited investors (the "Lenders"), in connection with an investment of a total amount of \$300,000, and pursuant to which Altam issued i) a convertible promissory note with a 15% OID, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of Altam, having a call option right for the noteholder, a redemption right for Altam, and

convertible at \$0.20 per share., and ii) a warrant to purchase shares of Altam's Class A common stock equal to 50% of the total number of shares if the Note is fully converted, divided by the Exercise Price of \$0.25, (equal to a total of 750,000 warrants) subject to adjustment as provided therein, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term. We recorded a debt discount of \$123,805 related to the warrants issued for both the February 2019, related party note and convertible promissory note. Altam had principal outstanding of \$205,882 as of December 31, 2020. The loan was repaid in February 2021.

In May of 2019, Altam entered into Securities Purchase Agreements with 4 accredited investors (the "Lenders"), in connection with an investment of up to a total amount of \$150,000, and pursuant to which Altam issued a convertible promissory note with a 15% OID, having a two year term, secured behind an accredited investors via a US UCC filing on all assets of Altam, having a call option right for the noteholder, a redemption right for Altam, and convertible at \$0.25 per share, and a warrant to purchase shares of Altam's Class A common stock equal to 25% of such Lender's investment divided by the Conversion Price of \$0.25, subject to adjustment as provided therein, exercisable at \$0.30 per share and having a 3 year term. We recorded \$36,000 for the warrant cost allocated to debt discount and \$110,118 for the beneficial conversion cost related to the convertible debt. Altam had principal outstanding of \$176,471 as of December 31, 2020. The loan was repaid in 2021.

In May of 2019, Altam entered into a Securities Purchase Agreement with another accredited investor (the "Lender"), in connection with an investment of \$500,000, and pursuant to which Altam issued a convertible promissory note accruing 12% interest per annum with bi-annual interest payments, having a two year term, senior in priority to all obligations of Altam other than Altam's obligations to an accredited investor and its affiliated investment funds, or a similar replacement thereto, having a call option right for the noteholder, a redemption right for Altam, and convertible at \$0.25 per share. Altam had principal outstanding of \$500,000 as of December 31, 2020. The loan was converted and exchanged for 150,000 common shares of the Company's stock in January 2021.

In November of 2019, Altam issued two convertible promissory notes to two accredited investors in the amount of \$280,000 each, convertible at 70% of the lowest trading price of Altam's Common Stock for the last 15 trading days prior to conversion, and accruing 12% interest per annum and each having a \$25,000 original issue discount, with a maturity date of November 21, 2020. As part of the consideration for this investment, Altam issued 145,000 shares of restricted Class A common stock to each of the investors, as well as 725,000 shares of restricted Class A common stock to each investor. Altam had principal outstanding of \$560,000 as of December 31, 2020.

In January 2020, Altam entered into a Securities Purchase Agreement with an accredited investor (the "Lender"), in connection with an investment of \$250,000, and pursuant to which Altam issued a convertible promissory note accruing 12% interest per annum with bi-annual interest payments, having a two year term, senior in priority to all obligations of Altam other than Altam's obligations to an accredited investor and its affiliated investment funds, or a similar replacement thereto, having a call option right for the noteholder (such right commences on the anniversary of the issuance date), a redemption right for Altam (provided Altam is listed on a national exchange and its per share value exceeds a \$.55 per share, as defined), and convertible at \$0.20 per share. The loan was converted and exchanged for 75,000 common shares of the Company's stock in January 2021

In February of 2020, Altam entered into a Securities Purchase Agreement with another accredited investor (the "Lender"), in connection with an investment of \$105,000, and pursuant to which Altam issued a promissory note convertible at 65% of the lowest trading price of Altam's Class A Common Stock for the last 15 trading days prior to conversion, commencing in August 2020, and accruing 10% interest per annum, with a maturity date of February 10, 2021. The loans were renegotiated to extend the maturity

In April of 2020, Altam entered into a Securities Purchase Agreement with an accredited investor in connection with an investment of \$53,000, and pursuant to which Altam issued a promissory note convertible at 65% of the lowest trading price of Altam's Class A Common Stock for the last 15 trading days prior to conversion, and accruing 10% interest per annum, with a maturity date of April 6, 2021. The loans were renegotiated to extend the maturity

## **7. Commitments and Contingencies**

### ***Litigation***

From time to time we may be a defendant or plaintiff in various legal proceedings arising in the normal course of our business. We know of no material, active, pending or threatened proceeding against us or our subsidiaries, nor are we, or any subsidiary, involved as a plaintiff or defendant in any material proceeding or pending litigation.

There is no other action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, litigation claim to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

***Operating Leases***

On March 6, 2019, the Company signed a lease for office space located in Dublin, Ireland, having a term of ten years, with a break option at the end of year five. The estimated payments is \$56,121 per annum, to be paid quarterly. Also the Company paid a six month security deposit in the sum of \$36,820.

As part of the Rilland acquisition, the company acquired a twenty-five year lease. The annual lease payment is \$142,677 for the first fifteen years and \$55,969 for years sixteen through twenty five.

The Company's Romanian operations lease the land for the solar park. The combined estimated annual cost of \$16,575 and thereafter. The leases commenced in 2012 and run for 20 years.

**Five year lease schedule:**

	<b>Total</b>
2021	215,373
2022	215,373
2023	215,373
2024	215,373
2025	214,981
Thereafter	<u>1,979,364</u>
	<b><u>\$ 3,055,837</u></b>

**8. Shareholder's Equity**

**Common Stock Issuances:**

For the year ended December 31, 2020, 733,250 shares of common stock were issued to consultants for services rendered. The total value was based on the closing stock price of our common stock on the various dates of issuance, was equal to for \$81,500

For the year ended December 31, 2020, 1,604,641 shares of common stock were issued as financing interest due to a late payment of two loan notes.. The total value was based on the closing stock price of our common stock on the various dates of issuance, was equal to \$186,702.

On March 20, 2020, the Company received a notice of conversion from Growthcap Investments Inc. ("GII"), a related party of the CEO, to convert the entirety of its shares of Series E Convertible Preferred Stock, with a stated value of \$1.00 per share, into an aggregate of 50,000shares of the Company's Class A Common Stock (the "Conversion"). On March 20, 2020, the Company effected the Conversion and issued to GII an aggregate of 50,000 shares of Class A Common Stock.

On November 14, 2020, the Company did a 100:1 reverse stock split of its shares of common stock and per share information was retroactively restated to reflect this reverse split.

On December 2, 2020 the Company completed a reorganization. The reorganization included the following main steps. (i) The Company re-registered as a Plc in Ireland (from a Limited company). (ii) The Company incorporated

Solis Bond Company, a Designated Activity Company. (iii) Altam Inc., the Company's parent company at the time, spun out the Company through the declaration of a share dividend which resulted in the distribution of 1.5 of the Company's shares for every 1 share of Altam stock held by Altam's shareholders. (iv) The Company acquired Altam Inc. through a 4.5 times share for share exchange.

**Stock Incentive Plan:**

In June, 2019, the Board of Directors approved the Company's 2019 Stock Incentive Plan (the "2019 Plan"). The 2019 Plan provides for the grant of incentive stock options, , stock appreciation rights, stock grants, and stock units (collectively, the "Awards"). Awards may be granted under the 2019 Plan to our employees, directors and consultants (collectively, the "Participants"). The maximum number of shares of common stock available for issuance under the 2019 Plan is 225,009 shares. The shares of common stock subject to stock awards granted under the 2019 Plan that expire, are forfeited because of a failure to vest, or otherwise terminate without being exercised in full will return to the 2019 Plan and be available for issuance under the 2019 Plan.

On November 23, 2020, the Company issued 225,000 stock grants to the Company's employees under the Corporation's 2019 Stock Incentive Plan, immediately 100% vested and issued.

**Warrants:**

As of December 31, 2020, warrants to purchase up to 817,704 shares of restricted Class A common stock were issued and outstanding. the Company issued 34,500 warrants exercisable at \$2.67 per share and having a 4 year term from the date of issuance. We valued the debt discount using the Black Shoals method. We calculated the stock price as of the date of revaluation, with a remaining term of the warrants of 4 years. The volatility was calculated at 3.2 using the historical stock price and share volume of the company. We used .20% as the risk free rate, based on the Treasury rates for the similar period. The amount was considered not material.

	<b>December 31, 2020</b>	
	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance - beginning of the year	783,204	\$ 2.44
Granted during the year	34,500	2.67
Balance - end of year	<u>817,704</u>	<u>\$ 2.45</u>
Exercisable - end of year	<u>817,704</u>	<u>\$ 2.45</u>

**9. Geographical Information**

The Company has one operating segment and the decision-making group is the senior executive management team. The Company manages the segment by country focusing on gross profit by country.

<b><u>Revenues</u></b>	<b>2020</b>
Italy	\$ 1,953,803
Romania	1,069,167
Germany	149,907
Netherlands	1,520,755
<b>Total</b>	<b><u>\$ 4,693,632</u></b>

<b><u>Cost of Revenues</u></b>	
Italy	\$ 406,436

Romania	384,361
Germany	33,272
Netherlands	364,826
<b>Total</b>	<b>\$ 1,188,894</b>

**Gross Profit**

Italy	\$ 1,547,367
Romania	684,806
Germany	116,634
Netherlands	1,155,930
<b>Total</b>	<b>\$ 3,504,738</b>

**10. Tax Footnote**

As of December 31, 2020 the Company has U.S. federal and state net operating loss carryovers of \$8,110,734, which will expire at various dates beginning in 2034 through 2037, if not utilized with exception of loss carryovers generated in 2018 - 2020. As a result of Tax Cuts and Jobs Act, net operating losses generated in 2018 and beyond have indefinite lives, but limited to 80% of taxable income in each year. Additionally, as of December 31, 2020, the Company has U.S. federal capital loss carryovers of \$495,704, which will expire at various dates beginning in 2020 through 2022, if not utilized against capital gain income. In accordance with Section 382 of the internal revenue code, deductibility of the Company's U.S. net operating loss carryovers may be subject to an annual limitation in the event of a change of control as defined under the Section 382 regulations. Quarterly ownership changes for the past 3 years were analyzed and it was determined that there was no change of control as of December 31, 2020.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the years ended December 31, 2020, the change in valuation allowance was \$994,077. As of December 31, 2020, the valuation allowance was \$2,891,806.

Penalties and interest assessed by income tax authorities would be included in income tax expense. For the period ended December 31, 2020, the Company did not incur any penalties or interest. As of December 31, 2018, the Company accrued \$180,000 related to noncompliance of administrative filing for their foreign entities for the periods 2012 – 2017 which remains open and recorded on the balance sheet as of December 31, 2020.

**11. Subsequent Events**

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through June 1, 2021 the date these financials were available to be issued.

In January 2021, the Company completed a private placement, consisting of a share capital increase for a total amount \$33M or (NOK 281.3 million), by issuing 13,636,364 Shares, with a nominal value of USD .012 (EUR 0.01) each, at a subscription price of NOK 20.6 per Share.

In January 2021, the Company approved the issuance by one of its subsidiaries, Solis Bond Company DAC, of a series of bonds in the maximum amount of approximately \$245 million (EUR 200,000,000) pursuant to a bond term agreement for refinancing the existing facilities of approximately \$40 million (EUR 33,000,000) and funding acquisitions of approximately \$88 million (EUR 72,000,000)

In January of 2021, the Company approved the assignment of two convertible promissory notes, in the principal amounts of \$500,000 and \$250,000, respectively, from the Company's subsidiary, Altam Inc., to the Company and the subsequent conversion of those two notes, resulting in the issuance of 225,000 ordinary shares of the Company.

In February, the Company's subsidiary, PC-Italia-03 S.r.l., acquired 100% of the corporate capital of two Italian SPVs, KKSOL S.r.l. and Petriolo Fotovoltaica S.r.l., in consideration for \$3.1M (EUR 2,516,293)

In March of 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the corporate capital of an Italian SPV, Serre, in consideration for \$2.6M (EUR 2,148,451)

In March of 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the share capital of two Romanian SPVs, Lucas Est S.R.L. and Ecosfer Energy S.R.L., in consideration for RON 140,211,020 and the issuance of a EUR13,000,000 promissory note issued by the Company, which was subsequently settled through the payment of EUR 7,325,396.75 in March of 2021.

In March of 2021, the Company entered into \$11.0M ( €9 million (NOK90m)) secured convertible loan notes (the "Notes"). The Notes have a 3-year term and accrues annual interest at a 10% fixed rate, payable in cash every six months during the term. The Notes are secured by a floating charge security over all of the property and assets of the Company, with the exception of the AEG ownership of Solis BondCo DAC, as was the case with the existing note being settled. All outstanding principal plus a premium of 120% is due 3 years from the date of issuance. The Company is entitled, at its sole option, to prepay the notes at a reduced premium of 110% on the second anniversary of the issuance. Between 31 August 2021 and 9 March 2023, the holders have the option to convert up to a total of 50% of the principal amount of the notes into shares of the Company's ordinary shares at a price of €4.00 per share which would see the Company issue 1,125,000 shares if exercised. If at any time, the market price of the Company's ordinary shares is greater than €8.00 per share for 30 consecutive trading days, the Company is entitled to prepay the notes at 110% premium for any unconverted capital.

In April of 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the share capital of another Romanian SPV, LJG GREEN SOURCE ENERGY BETA S.R.L., in consideration for \$24M (EUR 19,921,537).

In April of 2021, the Company acquired 60% of the share capital of a Netherlands company, Unisun Energy Holding B.V. in consideration for \$800K (EUR 650,000).

**APPENDIX C**

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER  
2019**

## EDGAR SUBMISSION SUMMARY

[VIEW ALL COMMENTS](#)

Submission Type	10-K
Live File	On
Return Copy	On
Exchange	NONE
Confirming Copy	Off
Filer CIK	0001621499
Filer CCC	xxxxxxx
Period of Report	12-31-2019
Smaller Reporting Company	On
Emerging Growth Company	Yes
Elected not to use the extended transition period for complying with any new or revised financial accounting standards	No
Notify via Filing website Only	Off
Emails	file@discountedgar.com

### Documents

Form Type	File Name	Description
10-K	altn_10k.htm	FORM 10-K
EX-10.24	altn_ex1024.htm	CONVERTIBLE PROMISSORY NOTE
EX-10.25	altn_ex1025.htm	SECURITIES PURCHASE AGREEMENT
EX-10.26	altn_ex1026.htm	CONVERTIBLE PROMISSORY NOTE
EX-10.27	altn_ex1027.htm	SECURITIES PURCHASE AGREEMENT
EX-10.28	altn_ex1028.htm	SECURITIES PURCHASE AGREEMENT
EX-10.29	altn_ex1029.htm	SETTLEMENT AGREEMENT
EX-10.30	altn_ex1030.htm	CONVERTIBLE PROMISSORY NOTE
EX-10.31	altn_ex1031.htm	SECURITIES PURCHASE AGREEMENT
EX-21.1	altn_ex211.htm	LIST OF SUBSIDIARIES
EX-31.1	altn_ex311.htm	CERTIFICATION
EX-31.2	altn_ex312.htm	CERTIFICATION
EX-32.1	altn_ex321.htm	CERTIFICATION
EX-32.2	altn_ex322.htm	CERTIFICATION
EX-101.INS	altn-20191231.xml	XBRL INSTANCE DOCUMENT
EX-101.SCH	altn-20191231.xsd	XBRL TAXONOMY EXTENSION SCHEMA
EX-101.LAB	altn-20191231_lab.xml	XBRL TAXONOMY EXTENSION LABEL LINKBASE
EX-101.CAL	altn-20191231_cal.xml	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
EX-101.PRE	altn-20191231_pre.xml	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
EX-101.DEF	altn-20191231_def.xml	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
GRAPHIC	altn_10kimg1.jpg	

### Module and Segment References

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from        to       

Commission file number: 000-56085

**Alternus Energy Inc.**

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation or organization)	<u>46-4996419</u> (I.R.S. Employer Identification No.)
<u>One World Trade Center, Suite 8500 New York, NY 10007</u> (Address of principal executive office)	<u>10007</u> (Zip Code)

(212) 220-7434  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, par value \$0.001 per share  
(Title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting common stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on June 30, 2019 was approximately \$17 million.

As of September 30, 2020, the Company had 120,520,492 shares of Class A Common Stock and 15,000,000 shares of Class B Common Stock.

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#### STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements typically contain words such as "anticipate," "believe," "estimate," "expect," "goal," "intend," "opportunities," "plan," "potential," "project," "target," "can," "could," "may," "should," "will," "would" or similar words, constitute "forward-looking statements." These forward-looking statements, which are based on our current plans, expectations and projections about future events, should not be unduly relied upon. These statements involve known and unknown risks, uncertainties and other factors, including, without limitation, those discussed under "Risk Factors," that may cause our actual results, performance and achievements to materially differ from any future results, performance and achievements expressed or implied by such forward-looking statements. We caution you therefore against relying on any of these forward-looking statements.

The forward-looking statements included herein are based upon our assumptions, estimates and beliefs and involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements and may be affected by a variety of risks and other factors, which may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include, but are not limited to:

- We are a holding company and rely on distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations
- The reduction, modification or elimination of government subsidies and economic incentives
- Decreases in the spot market price of electricity could harm our revenue and reduce the competitiveness of solar parks in grid-parity markets
- The seasonality of our operations may affect our liquidity and will affect our quarterly results
- Our acquisition strategy exposes us to substantial risk
- The delay between making significant upfront investments in our solar parks and receiving revenue could materially and adversely affect our liquidity, business and results of operations
- Failure to manage our growing and changing business could have a material adverse effect on our business, prospects, financial condition and results of operations
- Our IPP business requires significant financial resources. If we do not successfully execute our financing plan, we may have to sell certain of our IPP solar parks
- the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness in the future

Any of the assumptions underlying forward-looking statements could be inaccurate. All forward-looking statements are made as of the date of this report and the risk that actual results will differ materially from the expectations expressed in this Annual Report on Form 10-K will increase with the passage of time. Except as otherwise required by the federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this report, whether as a result of new information, future events, changed circumstances or any other reason. In light of the significant uncertainties inherent in the forward-looking statements included in this report, the inclusion of such forward-looking statements should not be regarded as a representation by us or any other person that the objectives and plans set forth in this report will be achieved.

## GLOSSARY OF TERMS

Unless otherwise indicated or the context otherwise requires, references in this report to the terms below will have the following meanings:

- “Altermus Energy,” “we,” “our,” “us”, “ALTN” and the “Company” refer to Altermus Energy Inc. and its consolidated subsidiaries;
- “common stock” refers to both Class A and Class B common stock, unless otherwise designated;
- “EPC” are to engineering, procurement and construction services;
- “FiT” are to feed-in tariff(s);
- “IPP” are to independent power producer and refer to our business where we own and operate solar parks and derive revenue from selling electricity to the power grid;
- “watt” or “W” are to the measurement of total electrical power, where “kilowatt” or “kW” means one thousand watts, “megawatts” or “MW” means one million watts and “gigawatt” or “GW” means one billion watts;
- “kWh” are to kilowatt hour(s);
- “MWh” are to megawatt hour(s);
- “O&M” are to operations and maintenance services provided for commercially operating solar parks;
- “PPA” are to power purchase agreements;
- “PV” are to photovoltaic;
- “RON” and “Romania Leu” are to the legal currency of Romania;
- “TW” are to terawatt
- “US\$” and “U.S. dollar” are to the legal currency of the United States of America;
- “€” and “Euro” are to the legal currency of the European Union;
- “Residential solar” = <10 kW;
- “Commercial solar” = <250 kW;
- Industrial = <1000 kW; and
- Utility-scale = >1000 kW, ground-mounted; and
- “¥” and “Japanese Yen” are to the legal currency of Japan.

We calculate the size of the PV market based on the volume of PV modules delivered to installation sites, including modules awaiting installation or connection to the power grid. PV panels generate direct current (“DC”) electricity, while electricity systems are based on alternating current (“AC”) electricity. The data presented in DC power numbers are, on average, greater by approximately 15% than the equivalent AC power numbers. All historical and forecast data are presented in DC power numbers.

Our operating results are reported in U.S. dollars. Our current projects revenue and expenses are generated in other currencies, including the Euro and the Romanian LEI. This may change in the future if we elect to alter the mix of our portfolio within our existing markets or elect to expand into new markets. In addition, our investments (including intercompany loans) in renewable energy facilities in foreign countries are exposed to foreign currency fluctuations. As a result, we expect our revenues and expenses will be exposed to foreign exchange fluctuations in local currencies where our renewable energy facilities are located. To the extent we do not hedge these exposures, fluctuations in foreign exchange rates could negatively impact our profitability and financial position.

## PART I

### Item 1. Business

#### Overview

Our principal executive offices are located in the United States at One World Trade Center, Suite 8500, New York, NY 10007. Our telephone number is (212) 220-7434. Our European operations center is located in Ireland at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Dublin 15, D15 PK64, Ireland. Our website address is [www.alternusenergy.com](http://www.alternusenergy.com) and our email is [contact@alternusenergy.com](mailto:contact@alternusenergy.com). Information contained in, and that can be accessed through, our website is not incorporated into and does not form a part of this Annual Report on Form 10-K. Investor inquiries should be directed to us at the telephone number and email outlined above.

Alternus Energy was incorporated in the State of Colorado on January 1, 2000, and then reorganized as a Nevada corporation on November 8, 2006 under the name Asset Realization Inc. On September 11, 2008 the Company changed its name to World Assurance Group, Inc. On April 24, 2015, the Company changed its name to Power Clouds Inc. On November 29, 2018, the Company changed its name to Alternus Energy Inc. and its stock ticker symbol changed from PWCL to ALTN.

Alternus Energy is a U.S. holding company with no stand-alone operations and no material assets other than its ownership interest in its subsidiaries. All of the Company's operations are conducted through, and its income derived from, its various subsidiaries, which are organized and operated according to the laws of their jurisdiction of incorporation in various countries around the world, and consolidated by the Company.

#### *ALTN Subsidiaries and Principal Activities*

##### **AE Europe B.V. (Formerly named Power Clouds Europe B.V.)**

In August of 2016, the Company incorporated a new wholly owned subsidiary in the Netherlands, Power Clouds Europe B.V. (now named AE Europe B.V.) AE Europe B.V. was incorporated to ultimately hold the Company's European operating companies and sub-holding companies as appropriate.

##### **PC-Italia-01 S.R.L. (Formerly named Power Clouds Wind Italia S.R.L.)**

In June of 2015, PWCL incorporated a company in Italy, PC-Italia-01 S.R.L. (formerly named Power Clouds Wind Italia S.R.L.). PC-Italia-01 S.R.L. was incorporated to acquire Italian special purpose vehicles ("SPV"), power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, PC-Italia-01 completed the acquisition of Tre Vallie Energia S.r.l in Italy which operates a 1MW PV solar park. During the quarter ended September 2018, the Company sold the asset.

##### **PC-Italia-02 S.p.A. (Formerly PC-Italia-02 S.R.L.)**

In August of 2016, the Company incorporated a new company in Italy, PC-Italia-02 S.R.L. (now organized as a S.p.A.) as a wholly owned subsidiary of AE Europe B.V. PC-Italia-02 S.p.A. was incorporated to acquire Italian SPVs, power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, PC-Italia-02 completed the acquisition of the Sant'Angelo Energia S.r.l. in Italy which operates a 702kW PV solar park. Subsequently, in April of 2019, PC-Italia-02 S.R.L. acquired four additional SPVs in Italy, CIC Rooftop 2 S.r.l., CIC RT Treviso S.r.l., SPV White One S.r.l. and CTS Power 2 S.r.l.

#### **PCG\_HoldCo GmbH & PCG\_GP UG**

In June of 2018, the Company acquired 100% of the share capital of two companies in Germany which were renamed as PCG\_HoldCo GmbH and PCG\_GP UG immediately thereafter. These two companies were acquired in order to acquire German SPVs, PV solar parks and/or other assets located in Germany. During the year ended December 31, 2018, PCG\_HoldCo completed the acquisitions of four SPVs in Germany, PSM 20, GRK 17.2, GRT 1.1 and PSM 40. In December of 2018, PCG\_HoldCo acquired 100% of the share capital of another company in Germany which was renamed as ALTN HoldCo UG.

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**Alternus Energy International Limited**

In March of 2019, the Company incorporated a new wholly owned subsidiary in Ireland, Alternus Energy International Limited. Alternus Energy International Limited was incorporated to establish our European operations center.

**AEN 01 B.V.**

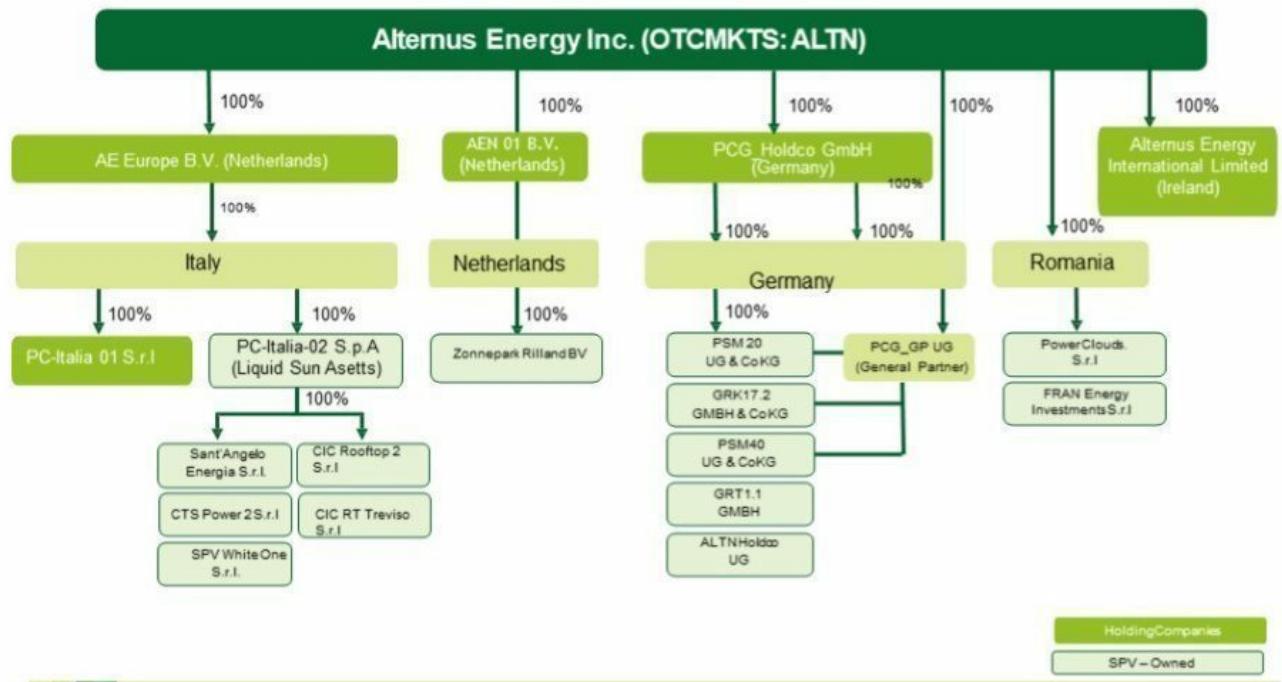
In June of 2019, the Company incorporated a new wholly owned subsidiary in the Netherlands, AEN 01 B.V. AEN 01 B.V. was incorporated to acquire Netherlands special purpose vehicles (SPVs), project rights and other solar energy assets in the Netherlands. During the quarter ended December 31, 2019, AEN 01 B.V. completed the acquisition of Zonnepark Rilland B.V. in the Netherlands, which operates a 11.75MW PV solar park.

In summary, Alternus Energy is a holding company that operates through the following twenty operating subsidiaries as of the date of this Annual Report on Form 10-K:

Subsidiary	Principal Activity	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	SPV	March 31, 2015	99.5%*	Romania
F.R.A.N. Energy Investment SRL	SPV	March 31, 2015	99.5%*	Romania
AE Europe B.V.	Holding Company	August 2016	100%	Netherlands
PC-Italia-01 S.R.L.	Sub-Holding	June 2015	100% (via PCE)	Italy
PC-Italia-02 S.p.A.	SPV	August 2016	100% (via PCE)	Italy
Sant'Angelo Energia S.r.l.	SPV	March 30, 2017	100% (via PC_Italia_02)	Italy
PCG_HoldCo GmbH	Holding Company	July 6, 2018	100%	Germany
PCG_GP UG	General Partner (Management Company)	August 30, 2018	100%	Germany
PSM 20 UG	SPV	November 14, 2018	100% (via PCG_HoldCo)	Germany
PSM 40 UG	SPV	December 28, 2018	100% (via PCG_HoldCo)	Germany
GRK 17.2 GmbH & Co KG	SPV	November 17, 2018	100% (via PCG_HoldCo)	Germany
GRT 1.1 GmbH & Co KG	SPV	December 21, 2018	100% (via PCG_HoldCo)	Germany
ALTN HoldCo UG	SPV	December 14, 2018	100% (via PCG HoldCo)	Germany
Alternus Energy International Ltd.	European Operational Centre	March 1, 2019	100%	Ireland
CIC Rooftop 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CIC RT Treviso S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
SPV White One S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CTS Power 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
AEN 01 B.V.	SPV	June 13, 2019	100%	Netherlands
Zonnepark Rilland B.V.	SPV	December 20, 2019	100%	Netherlands

The following chart illustrates the principal entities as described above in our corporate structure as of December 31, 2019:

## Alternus Energy Inc.– Group Legal Structure



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## Our Business Strategy

We aim to become a leading global IPP in green energy, by owning and operating a global network of distributed and connected green energy power plants, in countries where the combination of economic, environmental and political policies is optimized and supportive for the long-term, ever-growing need for clean renewable energy. Diversity across multiple parks in multiple jurisdictions provides highly diversified income streams backed by long term, government FiTs and PPAs.

To achieve this goal, we intend to pursue the following strategies:

- Continue our proven growth strategy targeted on acquiring independent solar PV projects either newly constructed or already operational in secondary markets in order to build a diversified portfolio across multiple geographies. Our niche focus on small to midsize solar PV parks and working with local developers allows us to acquire parks at prices of up to 25% below market;
  - Our focus on individual or small groups of PV solar parks precludes access by investment funds as the sellers have a very limited market;
  - Exclusive Developer Agreements: contracts with these partners results in little competition in acquisition pricing, leading to below market acquisition prices; these Developer Agreements provide us with the exclusive right to acquire a pipeline of projects from a third-party developer in a specific country (ie. Germany), the consideration for which is a fixed margin to be paid to the partner. We recently entered into two additional similar contracts, again providing us with the right to acquire projects from developers, exclusively, at a discount. These agreements result in decreased construction / acquisition costs due to volume discounts from our developer partner as they benefit from economies of scale, which leads to below market acquisition prices.
- We also expect to enter into similar agreements in the future, as we will look to grow the Company by providing the financing required for development and construction of assets.
- We work directly with specialist development partners in each country;
- Expand our global IPP portfolio in regions with attractive returns on investment and increase our stable recurring revenue and cash flow;
- Optimize our financing sources to support long-term growth and profitability in a cost-efficient manner; and

We do not operate our business on a quarter-by-quarter basis, but rather, with long-term shareholder value creation as a priority. We aim to maximize return for our shareholders by acquiring positive cash flow assets with long-term income streams at the lowest possible risk and we will continue to operate with this priority as we continue to invest in our infrastructure and additional solar PV parks to increase our installed power and long term revenue streams.

Our goal is to grow our asset base and within our operations provide sufficient liquidity for recurring growth capital expenditures and general purposes.

## Our Portfolio

Our current portfolio consists of solar PV parks located in Romania, Italy, Germany and the Netherlands with a total owned capacity of 40.8MW as of December 31, 2019. The German and Italian projects enjoy 20-year government counter-party FiT contracts at fixed sales prices that provide long-term predictable positive cash flows at average 85% gross margins. The Romanian parks operate under a “green certificate” government incentive scheme over a minimum of 15 years whereby the projects earn a certain number of GCs for the energy produced that are then subsequently sold to the Romanian energy market. The Netherlands project has a fifteen year contracted revenue stream as part of a government program.

The following table lists the solar PV parks that comprise our portfolio as of December 31, 2019:

Country	MWs Owned, (Installed and Operational)	MWs Owned (Not Yet Operational)	Total Owned
Romania	6.1 MW	—	6.1MW
Italy	7.9 MW	—	7.9MW
Germany	1.4 MW	13.6MW	15.0MW
Netherlands	11.8 MW	—	11.8MW
<b>Total</b>	<b>27.2 MW</b>	<b>13.6MW</b>	<b>40.8MW</b>

### Changes within Our Portfolio

The following table provides an overview of the changes in our MWs Owned (Installed and Operational) within our portfolio from December 31, 2018 through December 31, 2019:

Description	Facility Type	Nameplate Capacity (MW)	Number of Sites	Weighted Average Remaining Duration of PPA (Years)
<b>Total Portfolio as of December 31, 2018</b>		9.0	5.0	13.0
Acquisition of Italy Parks	Solar	5.0	4.0	13.0
Transfer from Construction to Completion in Germany	Solar	1.4	3.0	20.0
Acquisition of Netherlands Park	Solar	11.8	1.0	15.0
<b>Total Portfolio as of December 31, 2019</b>		<b>27.2</b>	<b>13.0</b>	<b>15.0</b>

(1) Represents weighted-average remaining term of PPAs and calculated as of December 31, 2019 and December 31, 2018, respectively.

### Our Competitive Strengths

We believe the following competitive strengths have contributed and will continue to contribute to our success:

- We are an IPP with comfort in operating across all aspects of the solar PV value chain from development through to ownership – as opposed to just buying operating parks where the high levels of competition from investment funds tends to be. In this way we have opportunities to acquire projects earlier in the process and so lock out investment fund competitors;
- We provide a minimum committed offtake for local developers which makes us a more attractive partner as they have a single trusted customer that allows developers to plan effectively and grow faster. As a result, we have been able to sign developer contracts that provide us with a right of first refusal for all projects developed by our partners and therefore lock out other market operators for these projects (“Developer Agreements”);
- Given the above, we also benefit from Developer Agreements through decreased construction / acquisition costs due to volume discounts from our developer partner as they benefit from economies of scale. With this approach we have a proven ability to acquire parks at prices of up to 25% below the prices that investment funds will pay for the same assets. This also provides an immediate equity cushion in the projects we acquire as we will always have the ability to sell the projects at higher costs than we acquired them;
- Our proven track record of identifying and entering solar PV markets, on-the-ground capabilities and global platform give us key competitive advantages in developing and operating solar parks globally;
- Our existing pipeline of secured solar PV parks provides us with clear and actionable opportunities to grow power generation and earnings as these are required;
- Our comprehensive project development capabilities, in collaboration with local teams on the ground, allow us to consistently deliver high quality solar parks at competitive costs;
- We are technology and supplier agnostic and as such we have the flexibility to choose from a broad range of leading manufacturers, O&M experts, top tier suppliers and EPC vendors globally and continue to benefit from falling component and service costs;
- As a public company, management believes it will have access to a variety of flexible financing sources which are not available to other market participants which allows us to structure transactions more flexibly than our competitors, even though some competitors may have a lower cost of capital than we can currently achieve;
- We are led by a highly experienced management team supported by strong, localized execution capabilities across all key functions and locations.

### **Our Competition**

Power generation is a capital-intensive business with numerous industry participants. We compete to acquire solar PV parks and project rights with other renewable energy developers, IPPs and financial investors based on cost of capital, development expertise, pipeline, price, operations and management expertise, global footprint, brand reputation and the ability to monetize green attributes (such as green certificates ("GCs") and tax incentives) of renewable power.

We face specific competition in two distinct areas, projects under development and operational projects from competitors. Each segment has different competitors due to the nature of market participants as outlined below;

Competitor	Competitor Weakness	Competitor Strength	How We Compete
Pension/ Specialist Investment Funds	<ul style="list-style-type: none"><li>• Tend to focus exclusively on acquiring operational parks (even if just completed)</li><li>• Will not take any construction or development risk</li><li>• Only acquire large scale projects due to minimum transaction size requirement</li></ul>	<ul style="list-style-type: none"><li>• Lower cost of equity capital</li><li>• Large funds available to deploy</li><li>• Will also commission projects to be constructed for them – but large ones</li></ul>	We compete by entering the construction process earlier with niche partners, thereby locking them out of projects we acquire from small developer partners who cannot access these competitors due to their size.
Other IPP's	<ul style="list-style-type: none"><li>• May not take any construction or development risk</li><li>• Smaller IPP's will have similar cost of capital as ALTN</li><li>• Potential geographic focus so not present in all markets</li></ul>	<ul style="list-style-type: none"><li>• Larger players will have lower cost of equity capital</li><li>• Will commission projects to be constructed for them and will also work with portfolios of smaller parks</li><li>• Operational history and track record</li></ul>	<p>We provide guaranteed minimum offtake of developed projects under exclusive right of first refusal contracts that locks out the competitors.</p> <p>Our established agent and trusted partner network sources projects before market, and we have first mover advantage.</p> <p>As we continue to grow, we mitigate any operational history advantages of the competitors.</p>

Notwithstanding the above, it is management's belief that the solar PV market is in high growth globally with many participants constantly arriving. There is also an increasing demand for projects from both government and corporates. In this environment although there are many players and participants, there is currently room for many participants and there does not appear to be significant industry consolidation and it remains a very fragmented market.

With our proven niche focus on partner and project acquisition we feel we currently compete effectively in the markets we address. In addition, we believe that given our current growth strategy and as a public reporting company we will have opportunities to consolidate certain market participants and segments in certain geographies over time that may not be available to other participants. If successful, this would further enhance our market position and sustained competitiveness in the medium to long term.

Nevertheless, we expect to face increased competition in all aspects of our business, target markets and industry segments, financing options, and partner availability as markets mature as countries reach their targeted renewable energy generation.

### **Our Challenges**

Our ability to successfully execute our strategies is subject to a number of risks and uncertainties.

See “Risk Factors” and “Special Note Regarding Forward-Looking Statements” for a discussion of these and other risks and uncertainties associated with our business.

### **Seasonality and Resource Availability**

The amount of electricity produced, and revenues generated by, our solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. As shorter daylight hours in winter months result in less irradiation, the electricity generated by these facilities will vary depending on the season. Irradiation can also be variable at a particular location from period to period due to weather or other meteorological patterns, which can affect operating results. As the majority of our solar power plants are located in the Northern Hemisphere (Europe) we expect our current solar portfolio’s power generation to be at its lowest during the first and fourth quarters of each year. Therefore, we expect our first and fourth quarter solar revenue to be lower than in other quarters. As a result, on average, each solar park generates approximately 15% of its annual revenues in Q1 every year, 35% in each of Q2 and Q3, and the remaining 15% in Q4. Our costs are relatively flat over a year, and so we will always report lower profits in Q1 and Q4 as compared to the middle of the year.

### **Environmental and Government Regulation**

#### **Environmental Matters**

We are subject to environmental laws and regulations in the jurisdictions in which we own and operate renewable energy facilities. These laws and regulations generally require that governmental permits and approvals be obtained and maintained both before construction and during operation of these renewable energy facilities. We incur costs in the ordinary course of business to comply with these laws, regulations and permit requirements. We do not anticipate material capital expenditures for environmental compliance for our renewable energy facilities in the next several years. While we do not expect that the costs of compliance would generally have a material impact on our business, financial condition or results of operations, it is possible that as the size of our portfolio grows we may become subject to new or modified regulatory regimes that may impose unanticipated requirements on our business as a whole that were not anticipated with respect to any individual renewable energy facility. Additionally, environmental laws and regulations frequently change and often become more stringent, or subject to more stringent interpretation or enforcement, and therefore future changes could require us to incur materially higher costs which could have a material negative impact on our financial performance or results of operations.

#### **Regulatory Matters, Government Legislation and Incentives**

In Romania, Italy, Germany and the Netherlands, the Company is generally subject to the regulations of the relevant energy regulatory agencies applicable to all producers of electricity under the relevant feed-in tariff or other governmental incentive programs (collectively “FiT”) (including the FiT rates); however, it is not subject to regulation as a traditional public utility (*i.e.*, regulation of our financial organization and rates other than FiT rates).

As the size of our portfolio grows, or as applicable rules and regulations evolve, we may become subject to new or modified regulatory regimes that may impose unanticipated requirements on our business as a whole that were not anticipated with respect to any individual renewable energy facility. Any local, state, federal or international regulations could place significant restrictions on our ability to operate our business and execute our business plan by prohibiting or otherwise restricting the sale of electricity by us. If we were deemed to be subject to the same state, federal or foreign regulatory authorities as traditional utility companies, or if new regulatory bodies were established to oversee the renewable energy industry in Europe or in international markets, our operating costs could materially increase, adversely affecting our results of operations.

Each of the countries in which we operate has established various incentives and financial mechanisms to reduce the cost of renewable energy and to accelerate the adoption of PV solar and other renewable energies. These incentives include tax credits, cash grants, favorable tax treatment and depreciation, rebates, GCs, net energy metering programs, FiTs and other incentives. These incentives help catalyze private sector investments in renewable energy and efficiency measures. Changes in the government incentives in each of these jurisdictions could have a material impact on our financial performance.

#### **Europe**

In December 2018, the new revised Renewables Energy Directive (2018/2001) entered into force, establishing a new binding renewable energy target for the EU for 2030 of at least 32%, with a clause for a possible upwards revision by 2023. To put that into perspective, energy from renewable sources made up approximately 17.5% at the end of 2017. This revised directive puts a further impetus on EU member states to ensure they deliver on their individual renewable energy targets. Each country has their own framework in place to promote renewable energy. These mechanisms vary from country to country. We have briefly summarized the historical and current position for solar PV for each country we currently operate in below.

#### **Romania**

Romanian regulation on support for energy produced from renewable sources is set out in the Law 220/2008. This law, under modifications 139/2010 and 184/2018 sets out a national target of 24% of gross energy produced to come from renewable energy sources by the year 2020. It also sets out national targets regarding the percentage of electricity produced from renewable sources of energy in the final gross consumption of electricity for years 2010, 2015 and 2020 which is 33%, 35% and 38%, respectively. Under the law, the National Energy Regulatory Authority (ANRE) is the body which qualifies the renewable energy installations that benefit from the support scheme, in the terms of the Regulations for qualifying producers of electricity from renewable sources, so as to apply the green certificate promotion system and it elaborates the regulatory guidelines for the monitoring of production costs/revenues of producers from renewable sources which benefit from the promotion scheme by means of GCs.

All renewable energy installations connected up to December 31, 2016 are entitled to receive GCs for a period of 15 years after the ANRE grant the accreditation for the renewable energy installation. All GCs are valid up to December 31, 2030 and can be traded until this date even if a period of 15 years has already been reached. The value of each GC as set out in Law 220/2008 in euro denomination is a minimum of 27 euros to a maximum of 55 euros. Each year these values are indexed by ANRE according to the average inflation parameter in the month of December of the previous year per Eurostat communications and the value in LEI is calculated at a medium exchange rate set by the National Bank of Romania. Currently the minimum rate is set at 136.82 LEI. Operators can also receive additional income for the energy produced by their renewable energy installation as described below.

The solar PV parks that were connected up to December 31, 2013 received six GCs for each MWh delivered to the grid. From these six GCs, only four GCs per MWh can currently be traded while the other two are postponed for trading until December 31, 2020. The postponed GCs are to be reinstated starting from January 2021 in equal tranches until December 2030. Solar parks that were connected from January 1, 2014 up to December 31, 2016 received only three GCs per MWh. When the legislation was introduced the government had set a quota for solar PV to be installed. They set a timeline of six years for the GCs scheme, however the quota for solar PV was actually achieved in two years instead of six as it was not controlled by the government on a time or operator basis. The budget therefore ran out before the end of the programme (December 31, 2016) which gave rise to the changes as described above.

An operator can sell the energy and GCs produced in several ways:

1. Sell energy through OPCOM, the exchange market for energy (SPOT market), based on daily forecasting. Regarding GC sales, there are two sessions every month where all producers upload a maximum of 10,000 GCs they have for sale. The market is anonymous and there is no visibility between the seller and the buyer. Additionally, there is another anonymous market where you can stay for one month and buyers are not obliged to buy only during the two sessions organized per month;
2. Sign a PPA and sell the GCs to a trader or grid operator. This can only be carried out for plants up to 3 MW in size per licensed producer. The price the buyer pays for GCs cannot be lower than €29/GC; or
3. Have contracts in place directly with a buyer for the GC and also sell energy on the SPOT market through OPCOM provided the park is up to 3 MW in size.

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Currently there is no support scheme in place for commercial scale renewables in Romania as the country met its 2020 targets for renewable energy early in 2017. Under Law 184/2018 there is a prosumer support scheme for solar of up to 27kW.

### **Italy**

The Gestore dei Servizi Energetici - GSE S.p.A. plays a central role in the promotion, support and development of renewable energy sources in Italy. GSE's sole shareholder is the Italian Ministry of Economy and Finance which, in consultation with the Ministry of Economic Development, provides guidance on GSE's activities. GSE promotes sustainable development by granting economic support for electricity generation from renewable energy sources and by organizing communication campaigns to raise awareness of environmentally-sustainable energy use.

Italian regulation on support for energy produced from solar PV was set out in the "Conto Energia" under legislative decree 387 in 2003. From 2003 to 2012, there were four more iterations of this law which stipulated the conditions under which solar PV could be supported via a FiT subsidy. Under the original regulation a FiT was guaranteed for 20 years, which was a flat nominal fee depending on a number of variables. However the targets set out in the legislation were met earlier than expected and had to be revised as described below under law decree No. 91. In addition to the FiT, operators can also receive income for the energy produced by their park from energy sold on the spot market or via a PPA. "Conto Energia" was finalized in July 2013 for new installations. Italy was one of a handful of countries in the EU to meet its 2020 targets for renewable energy use early in 2017.

#### Original FiT Support

- Attractive incentive: flat nominal FiT for 20 years PLUS sale of electricity at the pool price;
- Provision of priority access to power grid for renewable energy projects and guaranteed off-take of power;
- Scheme funded by the end consumers through a surcharge to the electricity bill.

The law decree No. 91 (converted into ordinary law August 11, 2014) introduced, *inter alia*, measures aimed at reducing end-users' electricity bills in the short to medium term by spreading incentives over a longer period due to rapid build-up of renewable capacity. Three options (A,B,C) to the FiT were provided as follows:

- A. Reduction of 19% with four-year extension (over the original 20 years);
- B. Reduction for the first five years of 14.5% followed by six years of progressive increase of 4.1% followed by five years of FiT 14.5% higher than the original FiT (the increase equal to the opposite of the decrease of the first five years);
- C. Reduction of 8% over the remainder of the FiT period.

A new incentive decree known as Fer Decree 2019 was introduced in Italy in July 2019. The Decree sets out procedures and requirements for accessing financial supports for renewable energy sources. Solar PV will be supported under this decree in a number of ways through the mechanism of registers and auctions for access to incentives through a tendering process managed by the GSE. It also sets out regulation for PPA's.

### **Germany**

The responsibility for the energy transition and all aspects related to it, including climate change, in Germany is concentrated at the Federal Ministry for Economic Affairs and Energy (BMWi). The main national regulatory authority is the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (Bundesnetzagentur - BNetzA) under the authority of the BMWi.

German regulation on support for energy produced from renewable sources is set out in the Renewable Energy Sources Act 2017 (EEG 2017) set out by the BMWi. The EEG 2017 provides a stable regulatory framework and the basis for a new growth phase in Germany. It sets out the structure for competition-based funding for renewable energy in Germany. It stipulates an annual target of 1.9GW of solar PV to be added to the grid under the new legislation introduced in December 2018 (Energiesammelgesetz). It sets out an overall target of 52GW for solar PV installations which are guaranteed a FiT, at which point the FiT support is capped.

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### Auction Process under EEG 2017

- The auction process provides up to 600MW of solar power advertised each year for auction.
- Under the new legislation (Energiesammelgesetz) introduced in December 2018, in 2019 there will be two tender rounds of 500MW each for PV systems exceeding 750kW. In 2020, the law foresees four additional tenders with a cumulative capacity of 1.4GW; and in 2021, another four dates are scheduled with an aggregate capacity of 1.6GW.
- All capacity constructed under these specific tenders will not be added to Germany's 52GW cap of PV installations. Once this cap is reached, the federal government plans to discontinue FiT subsidies for the solar industry. Unless extended, the cap will likely be achieved by 3Q of 2020. This will potentially impact our solar projects if they have not achieved commercial operation by that date.

### FiT Support and Eligibility

- Installations of less than 750kW are exempted from the auction scheme and are supported by a FiT scheme under EEG 2017.
- This includes all new small and medium-sized commercial and industrial rooftop or ground mounted PV systems.
- The FiT contract spans 20 years and once a contract is set, that FiT is received for the duration of the contract subject to Section 49 EEG 2017, as explained below.
- Additional energy sales revenue is not applicable under the FiT Contract.
- Payments are made on a monthly basis by the grid system operator and direct marketing company as supported under EEG 2017 for all electricity fed into the grid by the installation.

### **Netherlands**

The Stimulation of Sustainable Energy Production, otherwise known as the SDE+ is the scheme that supports renewable energy production in the Netherlands. It is managed by the Netherlands Enterprise Agency Rijksdienst voor Ondernemend Nederland (RVO) and supported by the Ministry of Economic Affairs and Climate Policy. It provides an operating grant subsidy for renewable energy production through a tender based system. The duration of the subsidy once granted, under SDE+ is up to a maximum of 15 years. The overall target of the SDE+ is to have 16% renewable energy production by 2023. To put this into perspective the total share of renewables was 7.4% by the end of 2018 in the Netherlands up from 6.6% the previous year. The Netherlands added approximately 2.5GW of solar PV in 2019. The largest market segment was rooftop solar with approximately 40% in the commercial & industrial segment and an equal share in the residential segment with utility scale segment including ground mounted and floating solar responsible for approximately 20% of the market.

The subsidies work by compensating the difference between the wholesale price of electricity from fossil fuel sources and the price of electricity from renewable sources via a Feed-in-Tariff. The amount received depends on energy price trends. If the energy price goes up, an SDE+ contribution applies, but the energy purchaser will pay more. If, on the other hand, the energy price falls, a higher SDE+ contribution applies, but less will be received from the energy purchaser.

- The SDE+ Scheme uses a tender system in which different renewable technologies compete with each other for a subsidy award.
- The RVO pay the granted SDE+ subsidy (Feed-in-Tariff) every month based on an actual production and this amount is adjusted at the end of each calendar year based on total production output and energy market rates.
- Currently the subsidy is made available in 2 stages throughout the year usually in Spring and Autumn.
- In 2019 under the SDE+ subsidies were made available under 2 main categories of Solar PV - 1. A capacity of  $\geq 15\text{kWp}$  and  $< 1\text{MWp}$  and a capacity of  $\geq 1\text{MWp}$  (with a large scale connection to the grid)
- For parks of 500KWP+ or smaller installations when combined add up to 500KWP, a feasibility study must be provided through the application process, and if the solar installation is to be built in a field or to a facade or on water (floating system) an environmental permit must be acquired prior to applying.
- Park operation must start at the latest within 1.5 years for installations  $< 1\text{MWp}$  and up to 3 years for building related installations  $\geq 1\text{MWp}$  and up to 4 years for non-building related systems after the SDE+ has been granted
- The SDE+ scheme allows for the possibility of banking meaning that in case of less energy production than the estimated annual production, the difference can be used in later years (underproduction). Producers can also carry over any excess output to a following year (overproduction). This can be used if production is lower than estimated in a later year.
- The scheme is financed through a levy on the use of electricity and gas.

#### **Revenues and Customers**

During the year ended December 31, 2019, two customers represented 56% and 30% of revenues and 37% and 9% of accounts receivable balance. During the year ended December 31, 2018, two different customers represented 29% and 26% of revenues and 34% and 1% of accounts receivable balance.

#### **Employees**

As of December 31, 2019, we had approximately six employees, of whom two were located in the United States and four were located outside the United States, and approximately nine contractors, all located in Europe, performing various services, business development and management functions. None of our employees or consultants are presently covered by any collective bargaining agreement. We believe our relationships with our employees and contractors are good.

#### **Available Information**

We make available free of charge through our website ([www.alternusenergy.com](http://www.alternusenergy.com)) the reports we file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an internet site containing these reports and proxy and information statements at [www.sec.gov](http://www.sec.gov).

The following corporate governance documents are posted on our website at [www.alternusenergy.com](http://www.alternusenergy.com):

- Foreign Corrupt Practices Policy;
- Insider Trading Policy;
- Audit Committee Charter;
- Code of Business Conduct and Ethics – All Employees;
- Code of Ethics – Senior & Accounting.

If you would like a printed copy of any of these corporate governance documents, please send your request to Alternus Energy Inc., One World Trade Center, Suite 8500, New York, NY 10007.

The information on our website is not incorporated by reference into this Annual Report on Form 10-K and does not constitute part of this Annual Report on Form 10-K.

#### **Item 1A. Risk Factors**

##### **Risks Relating to Our Business**

*The following risk factors discuss the principal risks we face. Any of these risk factors could have a significant or material adverse effect on our business, results of operations, financial condition or liquidity. They could also cause significant fluctuations and volatility in the trading price of our securities. Readers should not consider any descriptions of these factors to be a complete set of all potential risks and uncertainties that could affect us. These factors should be considered carefully together with the other information contained in this Annual Report on Form 10-K and the other reports and materials filed by us with the SEC. Furthermore, many of these risks are interrelated, and the occurrence of certain of them may in turn cause the emergence or exacerbate the effect of others. Such a combination could materially increase the severity of the impact of these risks on our business, results of operations, financial condition and liquidity.*

## Risks Related to Our Business and Industry

***We are a holding company and rely on distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.***

We have no direct operations and derive all of our cash flow from our subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for payments or distributions to meet our obligations. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay us.

***The reduction, modification or elimination of government subsidies and economic incentives may reduce the economic benefits of our existing solar parks and our opportunities to develop or acquire suitable new solar parks.***

Government subsidies and incentives have primarily been in the form of FiT price support schemes, tax credits, net metering and other incentives to end users, distributors, system integrators and manufacturers of solar energy products. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns in a given country. Changes in policies could lead to a significant reduction in or a discontinuation of the support for renewable energies in such country. Government subsidies and incentives for solar energy were recently reduced in some countries and may be further reduced or eliminated in the future. For example, in Germany, there is general consensus that the FiT scheme under the EEG 2017 will be discontinued in 2020 as they reach their target of 52GW for the subsidy support scheme and in Italy, the FiT scheme under “Conto Energia” was restructured in 2014 due to a rapid build-up of renewable capacity. Changes also occurred in Romania when, similar to what happened in Italy, a rapid build-up of solar PV projects forced the government to restructure their GC incentive scheme.

While some of the reductions in government subsidies and economic incentives apply only to future solar parks, they could diminish the availability of our opportunities to continue to develop or acquire suitable newly developed solar parks. Some of these reductions may apply retroactively to existing solar parks, which could significantly reduce the economic benefits we receive from the existing solar parks. Moreover, some of the solar program subsidies and incentives expire or decline over time, are limited in total funding, require renewal from regulatory authorities or require us to meet certain investment or performance criteria. A significant reduction in the scope or discontinuation of government incentive programs in our target markets and globally could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Decreases in the spot market price of electricity could harm our revenue and reduce the competitiveness of solar parks in grid-parity markets.***

The electricity prices for solar parks are either fixed through long-term PPAs or are variable and determined by the spot market. Although the price of electricity as of December 31, 2019 was fixed through PPAs and FiT for 100% of our owned capacity, in countries where the price of electricity is sufficiently high that solar parks can be profitably developed without the need for government price supports, a condition known as “grid-parity”, solar parks may choose not to enter into PPAs and sell based on the spot market price of electricity. Revenue for our solar parks in Italy and Romania will also fluctuate with the electricity spot market after the expiration of any PPA, unless renewed. Even then the new PPA may be at the lower prevailing energy prices at the time. The market price of electricity can be subject to significant fluctuations and can be affected by drivers such as the cost of traditional fossil fuels used for electricity generation, the discovery of new fossil fuel sources, additional electricity generation capacity, additional electric transmission and distribution lines, technological or regulatory changes, increased energy conservation or for a number of other reasons.

Decreases in the spot price of electricity in such countries would render PV energy less competitive compared to other forms of electricity. For example, PV may no longer be in grid parity if the price of fossil fuels used for electricity generation decreased sufficiently. In this situation, our solar parks may no longer be profitable in that market and we may not be able to recoup the time and effort invested in applying for permits or developing solar parks. A reduction in electricity prices would render our solar parks less economically attractive. If the retail price of energy were to decrease due to any of these reasons, or others, our business and results of operations may be materially and adversely affected.

***The seasonality of our operations may affect our liquidity and will affect our quarterly results.***

We will need to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy production or other significant events. Our principal sources of liquidity are cash generated from our operating activities, the cash retained by us for working capital purposes out of the gross proceeds of financing activities as well as our borrowing capacity under our existing credit facilities, subject to any conditions required to draw under such existing credit facilities. Our quarterly results of operations may fluctuate significantly for various reasons, mostly related to economic incentives and weather patterns. Therefore, results for any quarterly period should not be relied upon as being indicative of performance in future quarterly periods or the full fiscal year.

For instance, the amount of electricity and revenues generated by our solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Due to shorter daylight hours in winter months which results in less irradiation, the generation produced by these facilities will vary depending on the season.

If we fail to adequately manage the fluctuations in the timing of distributions from our renewable energy facilities, our business, financial condition or results of operations could be materially affected. The seasonality of our energy production may create increased demands on our working capital reserves and borrowing capacity under our existing credit facilities during periods where cash generated from operating activities are lower. In the event that our working capital reserves and borrowing capacity under our existing credit facilities are insufficient to meet our financial requirements, or in the event that the restrictive covenants in our existing credit facilities restrict our access to such facilities, we may require additional equity or debt financing to maintain our solvency. Additional equity or debt financing may not be available when required or available on commercially favorable terms or on terms that are otherwise satisfactory to us, in which event our financial condition may be materially adversely affected.

***Our acquisition strategy exposes us to substantial risk.***

Our acquisition of renewable energy facilities or of companies that own and operate renewable energy facilities is subject to substantial risk, including but not limited to the failure to identify material problems during due diligence (for which we may not be indemnified post-closing), the risk of over-paying for assets (or not making acquisitions on an accretive basis), the ability to obtain or retain customers and, if the renewable energy facilities are in new markets, the risks of entering markets where we have limited experience. While we perform due diligence on prospective acquisitions, we may not be able to discover all potential operational deficiencies in such renewable energy facilities. In addition, our expectations for the operating performance of newly constructed renewable energy facilities as well as those under construction are based on assumptions and estimates made without the benefit of operating history. However, the ability of these renewable energy facilities to meet our performance expectations is subject to the risks inherent in newly constructed renewable energy facilities and the construction of such facilities, including, but not limited to, degradation of equipment in excess of our expectations, system failures and outages.

Future acquisitions may not perform as expected or the returns from such acquisitions may not support the financing utilized to acquire them or maintain them. Furthermore, integration and consolidation of acquisitions requires substantial human, financial and other resources and may divert management's attention from our existing business concerns, disrupt our ongoing business or not be successfully integrated. Even if we consummate acquisitions that we believe will be accretive to such cash per unit, those acquisitions may in fact result in a decrease in such cash per unit as a result of incorrect assumptions in our evaluation of such acquisitions, unforeseen consequences or other external events beyond our control. Furthermore, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and stockholders will generally not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds and other resources. As a result, the consummation of acquisitions may have a material adverse effect on our business, financial condition, results of operations and cash flows.

***The delay between making significant upfront investments in our solar parks and receiving revenue could materially and adversely affect our liquidity, business and results of operations.***

There are generally multiple months between our initial significant upfront investments in developing permits to build solar parks we expect to own and operate and when we begin to receive revenue from the sale of electricity generated by such solar parks after grid connection. Such investments include, without limitation, legal, accounting and other third-party fees, costs associated with feasibility studies, payments for land rights, government permits, grid reservation and other payments, which may be non-refundable. Furthermore, we have historically relied on third party equity contribution, bridging and bank loans to pay for costs and expenses incurred during project development, especially to third parties for PV modules and balance-of-system components and EPC and O&M services. Solar parks typically generate revenue only after becoming commercially operational and once they are able to sell electricity to the power grid. Between our initial investments in the development of solar parks (through our model of working with local developers) and their connection to the transmission grid, there may be adverse developments impacting such solar parks. The timing gap between our upfront investments and actual generation of revenue, or any added delay due to unforeseen events, could put strains on our liquidity and resources and materially and adversely affect our profitability and results of operations.

***Failure to manage our growing and changing business could have a material adverse effect on our business, prospects, financial condition and results of operations.***

We intend to expand our business significantly within selected existing markets and in a number of new locations in the future. As we grow, we expect to encounter additional challenges to our internal processes, external construction management, capital commitment process, project funding infrastructure, acquisition funding and financing capabilities. Our existing operations, personnel, systems and internal control may not be adequate to support our growth and expansion and may require us to make additional unanticipated investments in our infrastructure. To manage the future growth of our operations, we will be required to improve our administrative, operational and financial systems, procedures and controls, and maintain, expand, train and manage our growing employee base. We will need to hire and train project development personnel to expand and manage our project development efforts. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies successfully or respond to competitive pressures. As a result, our business, prospects, financial condition and results of operations could be materially and adversely affected.

***Our IPP business requires significant financial resources. If we do not successfully execute our financing plan, we may have to sell certain of our IPP solar parks***

As reflected in the accompanying financial statements, the Company had net loss of \$3.0 million for the year ended December 31, 2019, and a net loss of \$1.9 million for the year ended December 31, 2018. The Company had accumulated shareholders' equity of \$3.9 million as of December 31, 2019 and \$5.0 million as of December 31, 2018. The Company had a working capital deficit of \$23.8 million as of December 31, 2019 and \$14.1 million as of December 31, 2018. Given the current level of cash resources, receivables and long-term supply contracts, management believes the Company's current level of operations is sufficient to mitigate such uncertainty. The working capital deficit for 2019 and 2018 is related to the acquisition of long-term assets that will be refinanced with long term debt in 2020. These assets will also provide long term cash flow to the Company.

Our principal sources of liquidity to date have been cash from our operations and borrowings from banks and our shareholders. We leverage bank facilities in certain countries in order to meet working capital requirements for construction activities. Our principal uses of cash have been for pipeline development, working capital and general corporate purposes.

The Company reviews our forecasted cash flows on an on-going basis to ensure that we will have sufficient capital from a combination of internally generated cash flows and proceeds from financing activities, if required, in order to fund our working capital and capital expenditures. We believe that adequate sources of liquidity will exist to fund our working capital and capital expenditures, and to meet our short-term debt obligations, other liabilities and commitments as they become due.

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We cannot assure you that we will successfully execute our financing plan. If we do not successfully execute this plan, we may not be able to continue as a going concern. Such failure could materially and adversely affect our financial condition, results of operations and business prospects.

### ***We may not be able to develop or acquire additional attractive IPP solar parks to grow our project portfolio.***

Our current business strategy is to become a global IPP and to own and operate all of the solar parks we develop and acquire. As part of our growth plan, we may, in the future, acquire solar parks in various development stages through a competitive bidding process as part of the auction schemes in the various jurisdictions we plan to grow and establish ourselves in as well as the current countries we operate in. We will be competing for project awards based on, among other things, pricing, technical and engineering expertise, financing capabilities, past experience and track record. It may be difficult to predict whether and when we will be awarded a new solar park. The bidding and selection process is also affected by a number of factors, including factors which may be beyond our control, such as market conditions or government incentive programs. Our competitors may have greater financial resources, a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Any increase in competition during the bidding process or reduction in our competitive capabilities could have a significant adverse impact on our market share and on the margins we generate from our solar parks.

Other difficulties executing this growth strategy, particularly in new jurisdictions we may enter, include:

- Accurately prioritizing geographic markets for entry, including estimates on addressable market demand;
- Obtaining construction, environmental and other permits and approvals;
- Securing land, rooftop or other site control;
- Managing local operational, capital investment or components sourcing regulatory requirements;
- Connecting to the power grid on schedule and within budget;
- Connecting to the power grid if there is insufficient grid capacity;
- Identifying, attracting and retaining qualified development specialists, technical engineering specialists and other personnel;
- Managing any acquired assets;
- Securing cost-competitive financing on attractive terms;
- Operating and maintaining solar parks to maintain the power output and system performance; and
- Collecting FiT payments and other economic incentives as expected.

### ***We may not be able to find suitable sites for the development of IPP solar parks.***

Solar parks require solar and geological conditions that can only be found in a limited number of geographic areas. Further, large, utility-scale solar parks must be interconnected to the power grid in order to deliver electricity, which requires us, through our local partnerships, to find suitable sites with capacity on the power grid available. Our competitors may impede our development efforts by acquiring control of all or a portion of a PV site we seek to develop. Even when we have identified a desirable site for solar park, our ability to obtain site control with respect to the site is subject to our ability to finance the transaction and growing competition from other solar power producers that may have better access to local government support, financing or other resources. If we are unable to find or obtain site control for suitable PV sites on commercially acceptable terms, our ability to develop new solar parks on a timely basis or at all might be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

***Our limited operating history may not serve as an adequate basis to judge our future prospects and results of operations.***

We began our business in 2014 and therefore have a limited operating history. After our initial two parks totaling 6 MW were constructed in Romania in 2014 we began to acquire existing operational solar parks in Italy. In 2018, in order to diversify our growth strategy and increase recurring revenue and cash flow, we began to focus on acquiring project rights and co-development of solar parks as well as the acquisition of existing operational parks. As of December 31, 2019, we had a total of 40.8 MW of solar parks in ownership with 27.2 MW in operation giving a carrying value of \$33.5million.

We intend to further expand our business operations in Europe and over time, we also aim to establish operations outside of Europe and enter other select geographies where high solar radiation accessibility, regulatory environments, power pricing, land availability, sufficient and cost effective financing access and overall power market trends support our high return on capital employed (ROCE) targets that we achieve today. Our rapidly evolving business and, in particular, our relatively limited operating history may not be an adequate basis for evaluating our business prospects and financial performance, and makes it difficult to predict the future results of operations. In particular, our results of operations, financial condition and future success depend, to a significant extent, on our ability to develop and continue good working relationships with local developers, who identify suitable sites and obtain required regulatory approvals on behalf of Alternus Energy, our ability to arrange financing from various sources, construct solar parks in a cost-effective and timely manner with our EPC partners, expand our project pipeline and manage and operate solar parks that we develop and acquire. If we cannot do so, we may not be able to expand our business at a profit or at all, maintain our competitive position, satisfy our contractual obligations or sustain growth and profitability.

***Our growth prospects and future profitability depend to a significant extent the availability of additional funding options with acceptable terms.***

We require a significant amount of cash to fund the acquisition, installation and construction of our projects and other aspects of our operations. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue in order to remain competitive. Historically, we have used bank loans, bridging loans and third-party equity contribution to fund our project acquisition and development. We expect to seek to expand our business with third-party financing options, including bank loans, equity partners, financial leases and securitization. However, we cannot guarantee that we will be successful in locating additional suitable sources of financing in the time periods required or at all, or on terms or at costs that we find attractive or acceptable, which may render it impossible for us to fully execute our growth plan.

In 2018, we began to strategically expand our IPP portfolio. Installing and constructing solar parks requires significant upfront capital expenditure and there may be a significant delay before we can recoup our investments through the long-term recurring revenue of our IPP solar parks. Our ability to obtain external financing is subject to a number of uncertainties, including:

- Our future financial condition, results of operations and cash flows;
- The general condition of global equity and debt capital markets;
- Regulatory and government support in the form of tax credits, rebates, FiT price support schemes and other incentives;
- The continued confidence of banks and other financial institutions in our company and the PV industry;
- Economic, regulatory, social, political and other conditions in the jurisdictions where we operate; and
- Our ability to comply with any financial covenants under the debt financing.

Any additional equity financing may be dilutive to our shareholders and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially acceptable to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

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*The loss of the services of our key employees, particularly the services rendered by Mr. Vincent Browne, our Chief Executive Officer and Chairman of the Board, could harm our business.*

Our success depends to a significant degree on the services rendered to us by our key employees. In particular, we are heavily dependent on the continued services of Mr. Vincent Browne, our Chief Executive Officer and Chairman of the Board. The loss of any key employees, including other executive officers or members of our senior management team, and our potential inability to attract highly skilled personnel with sufficient experience in our industry to replace them, could harm our business. In addition, we do not maintain any “key-man” insurance policies on Mr. Vincent Browne or any other employees.

If we fail to attract, train and retain sufficient numbers of qualified people, our prospects, business, financial condition and results of operations will be materially and adversely affected. In order to continue to operate in our rapidly changing business, we believe it is important to attract and retain personnel with experience and expertise relevant to the solar industry. Due to the level of technical expertise necessary to support our business strategy, our success will depend upon our ability to attract and retain highly skilled and seasoned professionals in the solar industry. Competition for highly skilled personnel is intense and there may be only a limited number of persons with the requisite skills to serve in these positions. Due to the competitive nature of the labor markets in which we operate, we may be unsuccessful in attracting and retaining these personnel. Our inability to attract and retain key personnel could adversely affect our ability to operate and grow.

*A majority of directors and certain of our officers live outside the United States, making it potentially difficult for an investor to enforce liabilities in foreign jurisdictions.*

We are a Nevada corporation and, as such, are subject to the jurisdiction of the State of Nevada and the United States courts for purposes of any lawsuit, action or proceeding by investors herein. An investor would have the ability to effect service of process on the Company within the United States. However, a majority of our directors (namely Vincent Browne and John McQuillan) and certain of our executive officers (namely our CEO, Mr. Browne) are non-residents of the United States. Therefore, it may be difficult for investors to:

- effect service of process within the United States against our non-U.S. resident directors or officers;
- enforce U.S. court judgments based upon the civil liability provisions of the U.S. federal securities laws against any of the above referenced foreign persons in the United States;
- enforce in foreign courts U.S. court judgments based on the civil liability provisions of the U.S. federal securities laws against the above foreign persons; and
- bring an original action in foreign courts to enforce liabilities based upon the U.S. federal securities laws against the above foreign persons.

*We may become involved in costly and time-consuming litigation which may require significant attention from our management relating to prior investments in an affiliated company.*

There are a number of individuals who invested in an affiliated company, Power Clouds Holdings Pte Ltd (PCH) based in Singapore, between 2013 and 2015. Although there is no lawsuit filed at this time, they may bring a claim against PCH and could also potentially include us as a co-defendant in such a lawsuit for delayed repayment of their investment of approximately \$34 million. Furthermore, we do not believe there is any standing that would allow us to be included in such a lawsuit and would seek to be immediately dismissed from such a lawsuit, but we may be unsuccessful in this regard.

If we were found to be liable on any of the claims against us in the future, we would incur a charge against earnings to the extent a reserve had not been established for coverage. If amounts ultimately realized from the claims by us were materially lower than the balances included in our financial statements, we would incur a charge against earnings to the extent profit had already been accrued. Charges and write-downs associated with such legal proceedings could have a material adverse effect on our financial condition, results of operations and cash flow. Moreover, legal proceedings, particularly those resulting in judgments or findings against us, may harm our reputation and competitiveness in the market.

***Our legal rights to certain real properties used for our solar parks are subject to third party rights and may be challenged by property owners or third parties.***

We are subject to the risk of potential disputes with property owners or third parties who otherwise have rights to or interests in the properties used for our solar parks. Such disputes, whether resolved in our favor or not, may divert management's attention, harm our reputation or otherwise disrupt our business. An adverse decision from a court or the absence of an agreement with such third-parties may result in additional costs and delays in the construction and operating phases of any solar park so situated.

***Our international operations require significant management resources and present legal, compliance and execution risks in multiple jurisdictions.***

We have adopted a business model under which we maintain significant operations and facilities through our subsidiaries located in Europe while our corporate management team and directors are primarily based in Ireland and the US. The nature of our business may stretch our management resources as well as make it difficult for our corporate management to effectively monitor local execution teams. The nature of our operations and limited resources of our management may create risks and uncertainties when executing our strategy and conducting operations in multiple jurisdictions, which could affect our costs and results of operations.

***If sufficient demand for solar parks does not develop or takes longer to develop than we anticipate, our business, financial condition, results of operations and prospects could be materially and adversely affected***

The PV market is at a relatively early stage of development in some of the markets that we intend to enter. The PV industry continues to experience lower costs, improved efficiency and higher electricity output. However, trends in the PV industry are based only on limited data and may not be reliable. Many factors may affect the demand for solar parks, including:

- The cost and availability of credit, loans and other forms of financing for solar parks;
- Fluctuations in economic and market conditions that affect the viability of conventional and non-solar renewable energy sources;
- The cost-effectiveness of solar parks compared to conventional and other non-solar energy sources;
- The performance and reliability of solar parks compared to conventional and other non-solar energy sources;
- The availability of grid capacity to dispatch power generated from solar parks;
- Environmental concerns related to solar parks and other local permit issues;
- The availability of government subsidies and incentives to support the development of the PV industry;
- Public perceptions of the direct and indirect benefits of adopting renewable energy technology;
- The success of other alternative energy generation technologies, such as fuel cells, wind power and biomass;
- Regulations and policies governing the electric utility industry that may present technical, regulatory and economic barriers to the purchase and use of solar energy; and
- The deregulation of the electric power industry and the broader energy industry.

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If market demand for solar parks fails to develop sufficiently, our business, financial condition, results of operations and prospects could be materially and adversely affected.

### ***We face significant competition in certain markets in which we operate.***

We face significant competition in certain markets in which we operate. Our primary competitors are local and international developers and operators of solar parks, many of which are integrated with upstream PV manufacturers. In the future we may also compete with utilities generating power from conventional fossil fuels and other sources of renewable energy in regions that have achieved grid parity.

Some of our competitors may have advantages over us in terms of greater operational, financial, technical, management or other resources in particular markets or in general. Our market position depends on our financing, development and operation capabilities, reputation, experience and track record. Our competitors may also enter into strategic alliances or form affiliates with other competitors to our detriment. Suppliers or contractors may merge with our competitors which may limit our choices of contractors and hence the flexibility of our overall project execution capabilities. There can be no assurance that our current or potential competitors will not offer solar parks or services comparable or superior to those that we offer at the same or lower prices or adapt more quickly than we do. Increased competition may result in price reductions, reduced profit margins and loss of market share.

### ***We are subject to risks associated with fluctuations in the prices of PV modules and balance-of-system components or in the costs of design, construction and labor.***

We procure supplies for solar park construction, such as PV modules and balance-of-system components, from third-party suppliers. We typically enter into contracts with our suppliers and contractors on a project-by-project basis or a project portfolio basis. We generally do not maintain long-term contracts with our suppliers. Therefore we are exposed to fluctuations in prices for our PV modules and balance-of-system components. Increases in the prices of PV products or balance-of-system components or fluctuations in design, construction, labor and installation costs may increase the cost of procuring equipment and engaging contractors and hence materially and adversely affect our results of operations.

### ***PV project development is challenging and may ultimately not be successful, which could have a material adverse effect on our business, financial condition and results of operations.***

Our current business model is to form partnerships with local in-country developers who generally provide us with “ready to build” projects. However, we are still exposed to the costs of the pre-construction development stage depending on the agreements with our local partner.

The development and construction of solar parks involves numerous risks and uncertainties and requires extensive research, planning and due diligence. We may be required to make significant capital expenditures for land and interconnection rights, preliminary engineering, permitting, legal and other expenses before we can determine whether a solar park is economically, technologically or otherwise feasible. Success in developing a particular solar park is contingent upon, among other things:

- Securing suitable project sites, necessary rights of way and satisfactory land rights in the appropriate locations with capacity on the transmission grid;
- Negotiating satisfactory engineering, procurement and construction agreements and land use and access rights;
- Negotiating and receiving required permits and approvals for project development from government authorities on schedule;
- Completing all required regulatory and administrative procedures needed to obtain permits and agreements;
- Procuring rights to interconnect the solar park to the electric grid or to transmit energy;
- Paying interconnection and other deposits, some of which may be non-refundable;
- Negotiating favorable payment terms with suppliers;
- Signing PPAs or other arrangements that are commercially acceptable;
- Obtaining construction financing, including debt financing and own equity contribution; and
- Satisfactorily completing construction on schedule.

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Successful completion of a particular solar park may be adversely affected by numerous factors, including without limitation:

- Unanticipated changes in project plans or defective or late execution;
- Difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- The inability to procure adequate financing with acceptable terms, especially for engineering, procurement and construction;
- Unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;
- Labor, equipment and materials supply delays, shortages or disruptions, or work stoppages;
- Adverse weather, environmental and geological conditions, force majeure and other events out of our control; and
- Cost over-runs, due to any one or more of the foregoing factors.

Accordingly, some of the solar parks in our pipeline may not be completed or even proceed to construction. If a number of solar parks are not completed, our business, financial condition and results of operations could be materially and adversely affected.

***Our construction activities may be subject to cost overruns or delays.***

Construction of our solar parks may be adversely affected by circumstances outside of our control, including inclement weather, a failure to receive regulatory approvals on schedule or third-party delays in providing PV modules, inverters or other materials. Obtaining full permits for our solar parks is time consuming and we may not be able to meet our expected timetable for obtaining full permits for our solar parks in the pipeline. We may not be able to negotiate satisfactory engineering, procurement and construction agreements with third parties. Changes in project plans or designs, or defective or late execution may increase our costs and cause delays. Increases in the prices of PV products and balance-of-system components may increase procurement costs. Labor shortages, work stoppages or labor disputes could significantly delay a project or otherwise increase our costs. In addition, delays in obtaining or our inability to obtain required construction permits could also delay or hinder the construction of our solar parks. A lack of proper construction permits or post-construction approvals could delay or prevent us from commencing operation and connecting to the relevant grid.

Moreover, we rely on a limited number of third-party suppliers for certain components and equipment used in the construction of our solar parks, such as PV modules. The failure of a supplier to supply components and equipment in a timely manner, or at all, or to supply components and equipment that meet our quality, quantity and cost requirements, could impair our ability to install solar parks or may increase our costs. To the extent the processes that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers.

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In addition, we typically utilize and rely on third-party contractors to construct and install our solar parks. If our contractors do not satisfy their obligations or do not perform work that meets our quality standards or if there is a shortage of third-party contractors or if there are labor strikes that interfere with the ability of our employees or contractors to complete their work on time or within budget, we could experience significant delays or cost overruns.

We may not be able to recover any of these losses in connection with construction cost overruns or delays. In addition, if we are unable to connect a solar park to the power grid on schedule, we may experience lower FiT, as FiT regimes generally ratchet down the FiT awarded to solar parks that connect later to the power grid. If the solar park is significantly delayed, we may only be able to obtain reduced FiT payments or may even become ineligible for FiT payments. A reduction or forfeiture of FiT payments would materially and adversely affect the financial results and results of operations for that solar park. Any of the contingencies discussed above could lead us to fail to generate our expected return from our solar parks and result in unanticipated and significant revenue and earnings losses.

### ***We may be subject to unforeseen costs, liabilities or obligations when operating and maintaining solar parks.***

We have a contract with a third party O&M company to carry out the O&M of our solar parks. They may subcontract certain on-the-ground O&M services, including security and repair, to third-parties, who may not perform their services adequately. If our third-party contractors fail to properly operate and maintain the solar parks, the solar parks may experience decreased performance, reduced useful life or shut downs. Through changes in our own operation or in local conditions, the costs of operating the project may increase, including costs related to labor, equipment, insurance and taxes. If they are careless or negligent, resulting in damage to third parties, we may become liable for the consequences of any resulting damage. We may also experience equipment malfunction or failure, leading to unexpected maintenance needs, unplanned outages or other operational issues. In addition, inconsistencies in the quality of solar panels, PV modules, balance-of-system components or maintenance services for our solar parks may affect the system efficiency of our solar parks. We may also encounter difficulties selling electricity to the power grid due to failures in infrastructure or transmission systems. To the extent that any of the foregoing affects our ability to sell electricity to the power grid, or we incur increased costs in relation to operating and maintaining solar parks, our business, financial condition and results of operation could be materially and adversely affected.

### ***Refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output.***

Our facilities may require periodic upgrading and improvement. Any unexpected operational or mechanical failure, such as the failure of a single inverter, or other failures associated with breakdowns and forced outages generally, and any decreased operational or management performance, could reduce our facilities' generating capacity below expected levels, reducing our revenues. Unanticipated capital expenditures associated with upgrading or repairing our facilities may also reduce profitability.

We may also choose to refurbish or upgrade our facilities based on our assessment that such activity will provide adequate financial returns and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future power prices. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, spare parts for solar facilities and key pieces of equipment may be hard to acquire or unavailable to us. Sources of some significant spare parts and other equipment are located outside of the jurisdictions in which we operate. Suppliers of some spare parts have filed, or will in the future file for, bankruptcy protection, potentially reducing the availability of parts that we require to operate certain of our power generation facilities. Other suppliers may for other reasons cease to manufacture parts that we require to operate certain of our power generation facilities. If we were to experience a shortage of or inability to acquire critical spare parts we could incur significant delays in returning facilities to full operation, which could negatively impact our business financial condition, results of operations and cash flows.

***Our project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments.***

Solar parks depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. Any change of such conditions in the areas we operate that reduces solar radiation will adversely affect our business and results of operations. In addition, we may operate in areas that are under the threat of floods, earthquakes, landslides, mudslides, sandstorms, drought, or other inclement weather and climate conditions or natural disasters. If inclement weather or climatic conditions or natural disasters occur in areas where our solar parks and project teams are located, project development, connectivity to the power grid and the provision of O&M services may be adversely affected. In particular, materials may not be delivered as scheduled and labor may not be available. As some of our solar parks are located in the same region, such solar parks may be simultaneously affected by weather and climate conditions, natural disasters and adverse work environments.

During periods of curtailed activity, we may continue to incur operating expenses. We may bear some or all of the losses associated with such unforeseen events. Moreover, natural disasters which are beyond our control may adversely affect the economy, infrastructure and communities in the countries and regions where we conduct our business operations. Such conditions may result in personal injuries or fatalities or have an adverse effect on our work performance, progress and efficiency or even result in personal injuries or fatalities.

***We are subject to counterparty risks under our FiT price support schemes and GC Schemes.***

As an IPP, we generate electricity income primarily pursuant to FiT price support schemes or GCs, which subjects us to counterparty risks with respect to regulatory regimes. Our FiT price support schemes in one region or country are generally signed with a limited number of electric utilities. We rely on these electric utilities to fulfill their responsibilities for the full and timely payment of our tariffs. In addition, the relevant regulatory authorities may retroactively alter their FiT price support regimes or GC schemes in light of changing economic circumstances, changing industry conditions or for any number of other reasons. For example, in Romania the GC scheme under Law 220/2008 had to undergo a restructuring as the quota for solar PV was actually achieved in a faster time frame than expected because the process was not controlled on a time or operator basis. In Italy the FiT support scheme under “Conto Energia” also experienced a restructuring due to the quota for solar PV being met sooner than expected. If the relevant government authorities or the local power grid companies do not perform their obligations under the FiT or GC price support schemes and we are unable to enforce our contractual rights, our results of operations and financial condition may be materially and adversely affected.

***We may fail to comply with laws and regulations in the countries where we develop, construct and operate solar parks.***

In order to develop solar parks we must obtain a variety of approvals, permits and licenses from various authorities. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. We seek to form partnerships with local in-country developers to assist with these requirements, but any failure to obtain the required approvals, permits or licenses or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations.

While we strive to work with our local counsel and other advisers to comply with all of the laws and regulations of each jurisdiction in which we have operations, there may be instances of noncompliance, such as late filings of annual accounts with the appropriate governmental authorities, failure to notify governmental authorities of certain transactions, failure to hold annual meetings as required, failure to register directors or office changes or other local requirements which may result in fines, sanctions and other penalties against the non-complying subsidiaries and its directors and officers. While we do not believe our past and any continuing non-compliances, singularly or in the aggregate, will have a material adverse effect on our business, financial condition or results of operation, we cannot assure you that similar or other non-compliances will not occur in the future which may materially and adversely affect our business, financial condition or results of operation.

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Any new government regulations pertaining to our business or solar parks may result in significant additional expenses. We cannot assure you that we will be able to promptly and adequately respond to changes of laws and regulations in various jurisdictions, or that our employees and contractors will act in accordance with our internal policies and procedures. Failure to comply with laws and regulations where we develop, construct and operate solar parks may materially and adversely affect our business, results of operations and financial condition.

### ***We may become involved in costly and time-consuming litigation and other regulatory proceedings, which may require significant attention from our management.***

Although we are not currently involved in any significant litigation, administrative or arbitral proceedings, we may, in the ordinary course of our business, become involved in such proceedings. Claims may be brought against or by us from time to time regarding, for example, defective or incomplete work, defective products, personal injuries or deaths, damage to or destruction of property, breach of warranty, late completion of work, delayed payments, intellectual property rights or regulatory compliance, and may subject us to litigation, arbitration and other legal proceedings, which may be expensive, lengthy, disruptive to normal business operations and require significant attention from our management. For example, although we are not involved in the litigation, a class action lawsuit was filed on June 12<sup>th</sup> 2018 by various solar companies located in Romania against the Romanian government to compensate for damages incurred as a result of the Romanian government's changes to its solar incentive programs.

If we were found to be liable on any of the claims against us in the future, we would incur a charge against earnings to the extent a reserve had not been established for coverage. If amounts ultimately realized from the claims by us were materially lower than the balances included in our financial statements, we would incur a charge against earnings to the extent profit had already been accrued. Charges and write-downs associated with such legal proceedings could have a material adverse effect on our financial condition, results of operations and cash flow. Moreover, legal proceedings, particularly those resulting in judgments or findings against us, may harm our reputation and competitiveness in the market.

### ***We may not be able to adequately protect our intellectual property rights, including trademarks and know-how, which could harm our competitiveness.***

We rely on a combination of copyright, trademark and trade secret laws, as well as nondisclosure agreements and other contractual restrictions, to establish and protect our proprietary rights. Our practice is to affix copyright notices on our corporate literature in order to assert copyright protection for these works. Employees are required to execute confidentiality and non-use agreements that transfer any rights they may have in copyrightable works or patentable technologies to us. In addition, prior to entering into discussions with potential business partners or customers regarding our business and technologies, we generally require that such parties enter into nondisclosure agreements with us. If these discussions result in a license or other business relationship, we also generally require that the agreement setting forth the parties' respective rights and obligations include provisions for the protection of our intellectual property rights. The steps taken by us may not, however, be adequate to prevent the misappropriation of our proprietary rights. To date, we do not have any federally registered trademarks.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to duplicate aspects of our business or to obtain and use information that we regard as proprietary. Our steps to protect our proprietary property may not be adequate to prevent misappropriation of such. If we fail to protect our proprietary information, our business, financial condition and results of operations could be harmed significantly.

Intellectual property laws and means of enforcement of intellectual property laws vary by jurisdiction. Enforcement of our intellectual property rights could be time-consuming and costly. We may not be able to immediately detect and remediate unauthorized use of our intellectual property. In the event that the measures taken by us or the protection afforded by law do not adequately safeguard our intellectual property rights, we could suffer losses in revenue and profit due to competing offerings of services that exploit our intellectual properties. Furthermore, we cannot assure that any of our intellectual property rights will not be challenged by third parties. Adverse rulings in any litigation or proceedings could result in the loss of our proprietary rights and subject us to substantial liabilities, or even disrupt our business operations.

***Fluctuations in foreign currency exchange rates may negatively affect our revenue, cost of sales and gross margins and could result in exchange losses***

Our subsidiaries trade in their functional currencies in the course of their business operations. Our investment holding companies transact in functional currencies of their subsidiaries. Our investment holding companies have foreign financing and investing activities, which expose the Company to foreign currency risk. Any increased costs or reduced revenue as a result of foreign exchange rate fluctuations could adversely affect our profit margins. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in local currencies, primarily the Euro and Romania LEI. Generally, an appreciation of the U.S. dollar against relevant local currencies could result in a foreign exchange loss for assets denominated in such local currencies and a foreign exchange gain for liabilities denominated in such local currencies. Conversely, a devaluation of the U.S. dollar against relevant local currencies could result in a foreign exchange gain for assets denominated in such local currencies and a foreign exchange loss for liabilities denominated in such local currencies.

We could also expand our business into emerging markets, some of which may have an uncertain regulatory environment relating to currency policy. Conducting business in such emerging markets could cause our exposure to foreign exchange rate fluctuation risks to increase. Although we access a variety of financing solutions that are tailored to the geographic location of our projects and to local regulations, we have not entered into any hedging transactions to reduce the foreign exchange rate fluctuation risks, but may do so in the future when we deem it appropriate to do in light of the significance of such risks. However, if we decide to hedge our foreign exchange exposure in the future, we cannot assure you that we will be able to reduce our foreign currency risk exposure in an effective manner, at reasonable costs, or at all.

***We have limited business insurance coverage internationally.***

The insurance industry in many parts of the world is still in an early stage of development. Insurance companies in many countries offer only limited business insurance options. As a result, we have not maintained, and generally do not maintain, full liability, hazard or other insurance covering our services, business, operations, errors, acts or omissions, personnel or properties. To the extent that we are unable to recover from others for any uninsured losses, such losses could result in a loss of capital and significant harm to our business. If any action, suit, or proceeding is brought against us and we are unable to pay a judgment rendered against us or defend ourselves against such action, suit, or proceeding, our business, financial condition and operations could be negatively affected.

***There can be no assurance on the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including industry expert reports, contained in this Annual Report on Form 10-K.***

Certain facts, forecasts and other statistics relating to the various countries and regions and the solar industry contained in this Annual Report on Form 10-K have been derived from various government publications, market data providers and other third-party sources. While we have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading, we cannot guarantee the accuracy and completeness of such information. While we have taken reasonable care to ensure that such facts, forecasts and other statistics have been accurately reproduced from their respective sources, these facts, forecasts and other statistics have not been independently verified by us, our directors and advisers or any other parties and none of us make any representation as to the accuracy or completeness of such information. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts, forecasts and statistics contained herein may be inaccurate or may not be comparable to information produced by other parties. Therefore, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics and in all cases, such information should not be unduly relied upon.

***If we are unable to integrate acquired businesses effectively, our operating results may be adversely affected.***

From time to time, we seek to expand our business through acquisitions. We may not be able to successfully integrate acquired businesses and, where desired, their product portfolios into ours, and therefore we may not be able to realize the intended benefits. If we fail to successfully integrate acquisitions or product portfolios, or if they fail to perform as we anticipate, our existing businesses and our revenue and operating results could be adversely affected. If the due diligence of the operations of acquired businesses performed by us and by third parties on our behalf is inadequate or flawed, or if we later discover unforeseen financial or business liabilities, acquired businesses and their assets may not perform as expected. Additionally, acquisitions could result in difficulties assimilating acquired operations and, where deemed desirable, transitioning overlapping products into a single product line and the diversion of capital and management's attention away from other business issues and opportunities. The failure to integrate acquired businesses effectively may adversely impact our business, results of operations or financial condition.

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**We conduct our business operations globally and are subject to global and local risks related to economic, regulatory, social and political uncertainties.**

We conduct our business operations in a number of countries and, as of December 31, 2019, have acquired and developed 27.2 MW of solar parks globally. We also own an additional 13.6MW of solar parks which are currently in different stages of development.. Our business is therefore subject to diverse and constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate.

Operating in the international marketplace exposes us to a number of risks globally and in each of the jurisdictions where we operate, including without limitation:

- Economic and financial conditions, including the stability of credit markets, foreign currency controls and fluctuations;
- Changes in government regulations, policies, tax and incentives, particularly those concerning the electric utility industry and the solar industry;
- Complex regulations in numerous jurisdictions, including trade restrictions or embargoes;
- Political risks, including risks of expropriation and nationalization of assets, potential losses due to civil unrests, acts of terrorism and war, regional and global political or military tensions, strained or altered foreign relations, and trade protectionism, restrictions or embargoes;
- Compliance with local environmental, safety, health and other labor laws and regulations, which can be onerous and costly, as the magnitude, complexity and continuous amendments to the laws and regulations are difficult to predict and liabilities, costs, obligations and requirements associated with these laws and regulations can be substantial;
- Dependence on governments, utility companies and other entities for electricity, water, telecommunications, transportation and other utilities or infrastructure needs;
- Local corporate governance and other legal requirements;
- Difficulties with local operating and market conditions, particularly regarding customs, taxation and labor; and
- Failure of our contractual parties to honor their obligations to us, and potential disputes with developers, clients, contractors, suppliers or local residents or communities;

Moreover, as we enter new markets in different jurisdictions, we will face different regulatory regimes, business practices, governmental requirements and industry conditions. As a result, our prior experiences and knowledge in other jurisdictions may not be relevant, and we may spend substantial resources familiarizing ourselves with the new environment and conditions. To the extent that our business operations are affected by unexpected and adverse economic, regulatory, social or political conditions in the jurisdictions in which we have operations, we may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect our business, financial condition and results of operations.

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Geopolitical trends toward protectionism and nationalism and the dissolution or weakening of international trade pacts may increase the cost of, or otherwise interfere with, our conduct of business. Uncertainty about current and future economic and political conditions which affect us, our customers and partners makes it difficult for us to forecast operating results and to make decisions about future investments. For instance, in June 2016, voters in the United Kingdom approved an advisory referendum to withdraw from the EU (commonly referred to as "Brexit"). The Brexit vote and the perceptions as to the impact of the withdrawal of the United Kingdom from the EU may adversely affect business activity, political stability and economic conditions in the United Kingdom, the EU and elsewhere. It is uncertain at this time how the policies of the current U.S. presidential administration and Congress will affect our business, including potentially through increased import tariffs and other influences on U.S. trade relations with other countries, such as Canada, Mexico and China. The imposition of tariffs or other trade barriers could increase our costs and reduce the competitiveness of our offerings in certain markets. In addition, other countries may change their own policies on business and foreign investment in companies in their respective countries. In addition, as discussed in more detail below, recently enacted U.S. tax reform legislation could have a material and adverse impact on our cash flows and financial condition. There may also be changes to, and introductions of, new tax laws in various foreign countries in which we do business or other future proposals to change U.S. or state or local tax law. Any of these proposals, changes or new tax laws could significantly and adversely impact how we are taxed on both U.S. and foreign earnings.

The various risks inherent in doing business in the U.S. generally also exist when doing business outside of the U.S., and may be exaggerated by the difficulty of doing business in numerous sovereign jurisdictions due to differences in culture, laws and regulations.

### ***Our international operations require us to comply with anti-corruption laws and regulations of the United States government and various non-U.S. jurisdictions.***

Doing business in multiple countries requires us and our subsidiaries to comply with the laws and regulations of the United States government and various non-U.S. jurisdictions. Our failure to comply with these rules and regulations may expose us to liabilities. These laws and regulations may apply to us, our subsidiaries, individual directors, officers, employees and agents, and may restrict our operations, trade practices, investment decisions and partnering activities. In particular, our non-U.S. operations are subject to United States and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act of 1977, as amended ("FCPA"). The FCPA prohibits United States companies and their officers, directors, employees and agents acting on their behalf from corruptly offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of our business, Alternum Energy and its officers, directors, employees and third party agents regularly deal with government bodies and government owned and controlled businesses, the employees and representatives of which may be considered foreign officials for purposes of the FCPA. As a result, business dealings between our employees and any such foreign official could expose us to the risk of violating anti-corruption laws even if such business practices may be customary or are not otherwise prohibited between us and a private third party. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. We have established policies and procedures designed to assist us and our personnel in complying with applicable United States and non-U.S. laws and regulations; however, there is no assurance that these policies and procedures will completely eliminate the risk of a violation of these legal requirements, and any such violation (inadvertent or otherwise) could have a material adverse effect on our business, financial condition and results of operations.

### ***The Company could be subject to changes in its tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities, which could have a material and adverse impact on the Company's operating results, cash flows and financial condition.***

The Company is subject to taxes in the U.S. and numerous foreign jurisdictions, where a number of the Company's subsidiaries are organized. Due to economic, regulatory and political conditions, tax rates in various jurisdictions including the U.S. may be subject to change. The Company's future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws or their interpretation, such as interpretations as to the legality of tax advantages granted under the EU state aid rules.

***Tax examinations and audits could have a material and adverse impact on the Company's cash flows and financial condition.***

The Company is subject to the examination of its tax returns and other tax matters by the U.S. Internal Revenue Service and other tax authorities and governmental bodies. The Company regularly assesses the likelihood of an adverse outcome resulting from such examinations to determine the adequacy of its provision for taxes. There can be no assurance as to the outcome of any such examinations.

If the Company's effective tax rates were to increase, or if the ultimate determination of the Company's taxes owed were for an amount in excess of amounts previously accrued, the Company's operating results, cash flows and financial condition could be materially and adversely affected.

***Business interruptions, whether due to catastrophic disasters or other events, could adversely affect our operations, financial condition and cash flows.***

Our operations and those of our contract manufacturers and outsourced service providers are vulnerable to interruption by fire, earthquake, hurricane, flood or other natural disaster, power loss, computer viruses, computer systems failure, telecommunications failure, quarantines, national catastrophe, terrorist activities, war and other events beyond our control. For instance, some of our solar parks are located in Italy, near to medium risk areas regarding seismic activity and may be vulnerable to damage from earthquakes. If any disaster were to occur, our ability and the ability of our contract manufacturers and outsourced service providers to operate could be seriously impaired and we could experience material harm to our business, operating results and financial condition. In addition, the coverage or limits of our business interruption insurance may not be sufficient to compensate for any losses or damages that may occur.

Other catastrophic events, such as pandemic diseases, may also disrupt our business operations. For example, the recent outbreak of the COVID-19 coronavirus has resulted in closures of manufacturing facilities, travel restrictions, disruptions to supply chains and disruptions to workplaces as employees and contractors cease to be available to perform critical work functions. A prolonged disruption could limit the availability of certain parts required to operate our facilities and adversely impact the ability of our contractors and other service providers to service our equipment, which may result in operational delays. It could also adversely impact our efforts to repower certain facilities, causing important construction milestones to be missed.

Any such terrorist acts, environmental repercussions or disruptions, natural disasters, theft incidents or other catastrophic events could result in a significant decrease in revenues or significant reconstruction, remediation or replacement costs, beyond what could be recovered through insurance policies, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Our business, results of operations, financial condition and cash flows have been and may continue to be materially and adversely affected by the outbreak of the novel respiratory illness coronavirus ("COVID-19").***

On March 11, 2020, the World Health Organization declared the outbreak of the novel respiratory illness COVID-19 a pandemic. The new strain of COVID-19 is considered to be highly contagious and poses a serious public health threat. The outbreak of COVID-19 emerged in China and spread to Europe, where we have significant operations. We generate our revenue from the sale of electricity from our solar parks in Italy, Germany, and Romania.

Any outbreak of such epidemic illness or other adverse public health developments may materially and adversely affect the global economy, our markets and our business. A prolonged disruption or any further unforeseen delay in our operations in Europe could continue to result in delays in the increased costs and reduced revenue from our operations.

We cannot foresee whether the outbreak of COVID-19 will be effectively contained, nor can we predict the severity and duration of its impact. If the outbreak of COVID-19 is not effectively and timely controlled, our business operations and financial condition may be materially and adversely affected as a result of the deteriorating market outlook, the slowdown in regional and national economic growth, weakened liquidity and financial condition of our customers or other factors that we cannot foresee. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

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In 2020 and as of the date of this Annual Report, the outbreak of COVID-19 has caused significant volatility in global markets and in the market price of our securities. The volatility and market uncertainty caused by COVID-19 has resulted in a delay to our current funding initiatives and we have also seen our cost of borrowing increase since the outbreak began. Delays in planned new funding being available caused by COVID-19 may result in us not being able to meet our obligations under existing loan facilities. If we are unable to negotiate suitable extensions to existing loan agreements with our lenders before their expiration, then some of our lenders may initiate legal proceedings against us to recover their funds including taking possession of our underlying assets. In such an event, any assets that would no longer be owned or controlled by the Company would have a material adverse impact on our results of operations and financial condition. Increased borrowing costs may make some of our projects uneconomical.

In addition, the recent outbreak of COVID-19 has resulted in closures of manufacturing facilities, travel restrictions, disruptions to supply chains and disruptions to workplaces as employees and contractors cease to be available to perform critical work functions. These aforesaid restrictions have negatively impacted the construction timelines of our German facilities which will delay their planned operational dates resulting in a delay in cash inflows from operations to service existing loan facilities on these assets. Any prolonged and uncontained outbreak of COVID-19 could contribute to a general slowdown in the global economy, and adversely impact our ability to operate our business and the businesses of our counterparties, any of which could have a materially adverse impact on our business, results of operations and financial condition. Moreover, governmental authorities may recommend or impose other measures that could cause significant disruptions to our business operations in the regions most impacted by the coronavirus to which we are particularly exposed in Europe. A prolonged disruption could affect our business negatively in a variety of ways: it could limit the availability of certain parts required to operate our facilities; adversely impact the ability of our contractors and other service providers to service our equipment, resulting in further operational delays; or adversely impact our efforts to repower certain facilities, causing important construction milestones to be missed. Any of the foregoing events or other unforeseen consequences of public health problems could materially adversely affect our business, results of operations and financial condition.

*Our use and enjoyment of real property rights for our renewable energy facilities may be adversely affected by the rights of lienholders and leaseholders, or even the government, that are superior to those of the grantors of those real property rights to us.*

Renewable energy facilities generally are and are likely to be located on land occupied by the facility pursuant to long-term easements and leases. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil or mineral rights) that were created prior to the facility's easements and leases. As a result, the facility's rights under these easements or leases may be subject, and subordinate, to the rights of those third parties, or even to the government. We perform title searches and obtain title insurance to protect ourselves against these risks. Such measures may, however, be inadequate to protect us against all risk of loss of our rights to use the land on which our renewable energy facilities are located, which could have a material adverse effect on our business, financial condition and results of operations.

*We have a significant number of foreign subsidiaries with whom we have entered into many related party transactions. Our relationship with these entities could adversely affect us in the event of their bankruptcy or similar insolvency proceeding.*

We have historically entered into many transactions with our affiliates. These transactions include financial guarantees and other credit support arrangements, including letters of comfort to such affiliates pursuant to which we undertake to provide financial support to these affiliates and adequate resources as required to ensure that they are able to meet certain liabilities and local solvency requirements. We are currently party to many such affiliate transactions, and it is likely we will enter into new and similar affiliate transactions in the future.

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In the event that any of these affiliates become bankrupt or insolvent, there can be no assurance that a court or other foreign tribunal, liquidator, monitor, trustee or similar party would not seek to enforce these intercompany arrangements and guarantees or otherwise seek relief against us and our other affiliates. If any of our material foreign subsidiaries (e.g., subsidiaries that hold a significant number of our customer contracts, or that are the parent company of other material subsidiaries) becomes subject to a bankruptcy, liquidation or similar insolvency proceeding, such proceeding could have a material adverse effect on our business and results of operations.

### **Risks Related to Our Indebtedness**

#### ***Our substantial indebtedness could adversely affect our business, financial condition and results of operations.***

We have incurred substantial corporate and project-level indebtedness. We believe our substantial indebtedness will increase as an IPP. As of December 31, 2019, we had \$22.7 million in outstanding short-term borrowings and \$14.1 million in outstanding long-term bank borrowings.

This substantial indebtedness will likely have consequences on our business, results of operations and financial condition, including, but not limited to, the following:

- Reducing the availability of our cash flow to fund working capital and operations, including payments to suppliers for PV modules and balance-of-system components and to contractors for design, engineering, procurement and construction services, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations;
- Limiting our ability to obtain additional financing, including to refinance our outstanding debt;
- Limiting our flexibility in planning for, or reacting to general adverse economic and industry conditions;
- Increasing our vulnerability to, changes in our business, competition, the industry in which we operate and the general economy; and
- Potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, financial condition and results of operations as well as our ability to meet our payment obligations under our debt. Our ability to meet our payment obligations under our outstanding debt depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control.

#### ***If we fail to comply with financial and other covenants under our loan agreements, our financial condition, results of operations and business prospects may be materially and adversely affected.***

We enter into loan agreements containing financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on disposition of our assets or the conduct of our business. We may not be able to comply with some of those financial and other covenants from time to time. In addition, we typically pledge our solar park assets or account or trade receivables to raise debt financing, and we are restricted from creating additional security over our assets. Such account or trade receivables will include all income generated from the sale of electricity in the solar parks. If we are in breach of one or more financial or other covenants or negative pledges clause under any of our loan agreements and are not able to obtain waivers from the lenders or prepay such loan, such breach would constitute an event of default under the loan agreement. As a result, repayment of the indebtedness under the relevant loan agreement may be accelerated, which may in turn require us to repay the entire principal amount including interest accrued, if any, of certain of our other existing indebtedness prior to their maturity under cross-default provisions of other loan agreements. If we are required to repay a significant portion or all of our existing indebtedness prior to their maturity, we may lack sufficient financial resources to do so. In that case, the pledgees may auction or sell the assets or interest of our solar parks to enforce their rights under the pledge contracts and loan agreements. Any of those events could have a material adverse effect on our financial condition, results of operations and business prospects.

*We may not be able to generate sufficient cash to service all of our indebtedness and our other ongoing liquidity needs, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*

Our ability to make scheduled payments on or to refinance our debt obligations and to fund our planned capital expenditures, acquisitions and other ongoing liquidity needs depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. There can be no assurance that we will maintain a level of cash flow from operating activities in an amount sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Certain of our credit facilities restrict the ability of the Company and its subsidiaries to dispose of assets and use the proceeds from the disposition. Accordingly, we may not be able to consummate those dispositions or to obtain any proceeds on terms acceptable to us or at all, and any such proceeds may not be adequate to meet any debt service obligations when due.

*Despite our level of indebtedness, we and our subsidiaries may be able to incur additional indebtedness. This could further exacerbate the risks associated with our degree of leverage.*

We and our subsidiaries may be able to incur additional indebtedness in the future. Although our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and any indebtedness incurred in compliance with these restrictions could be substantial. To the extent new debt is added to our and our subsidiaries' currently anticipated debt levels, the related risks that we and our subsidiaries face could intensify.

*We have significant indebtedness. Our level of indebtedness could adversely affect our business, results of operations, and financial condition. If we are unable to comply with the financial and non-financial covenants governing our indebtedness or obtain waivers of any defaults that occur with respect to our indebtedness, or amend, replace or refinance any or all of the agreements governing our indebtedness and/or otherwise secure additional capital, we may be unable to continue as a going concern.*

Our auditors' report on our December 31, 2019 financial statements, reflect that there is substantial doubt about our ability to continue as a going concern for twelve months from the issuance of this Annual Report on Form 10-K. Our operating revenues are insufficient to fund our operations and our assets already are pledged to secure our indebtedness to various third party secured creditors, respectively. The unavailability of additional financing could require us to delay, scale back or terminate our acquisition efforts as well as our own business activities, which would have a material adverse effect on the Company and its viability and prospects.

The terms of our indebtedness, including the covenants and the dates on which principal and interest payments on our indebtedness are due, increases the risk that we will be unable to continue as a going concern. To continue as a going concern over the next twelve months, we must make payments on our debt as they come due and comply with the covenants in the agreements governing our indebtedness or, if we fail to do so, to (i) negotiate and obtain waivers of or forbearances with respect to any defaults that occur with respect to our indebtedness, (ii) amend, replace, refinance or restructure any or all of the agreements governing our indebtedness, and/or (iii) otherwise secure additional capital. However, we cannot provide any assurances that we will be successful in accomplishing any of these plans.

**Risks Related to Ownership of Our Common Stock and our status as a Public Company**

***Trading in our stock is subject to regulatory restrictions that limit a shareholder's ability to buy and sell our stock.***

There is currently a very limited trading market for our stock, and applicable SEC and other rules may prevent such a market from developing. For example:

- Our stock is categorized as a “penny stock” under applicable SEC rules. SEC rules impose certain sales practice requirements on broker-dealers who sell penny stocks that do not apply to other securities, including a requirement that a broker-dealer deliver a standardized risk disclosure document prior to completing a transaction in a penny stock. Similarly, FINRA places certain restrictions on transactions involving low-priced securities, including our common stock. Our common stock is not listed on any national securities exchange, and it does not currently qualify for listing on any major exchange, including the New York Stock Exchange or Nasdaq.

The above factor limits liquidity in the market for our common stock, and may therefore make it more difficult for our shareholders to sell their stock. The lack of trading in our stock may in turn make it more difficult for us to raise capital through issuances of stock, as potential investors may be reluctant to invest given the difficulties they may face if they later choose to sell the stock they purchase.

***The price of our common stock may be volatile and fluctuate substantially.***

The market price of our common stock is likely to be highly volatile and may fluctuate substantially due to the following factors (in addition to the other risk factors described in this section):

- actual or anticipated fluctuations in our results of operations;
- variance in our financial performance from the expectations of equity research analysts;
- conditions and trends in the markets we serve;
- announcements of significant new services or products by us or our competitors;
- additions of or changes to key employees;
- changes in market valuations or earnings of our competitors;
- the trading volume of our common stock;
- future sales of our equity securities;
- changes in the estimation of the future sizes and growth rates of our markets;
- legislation or regulatory policies, practices or actions; and
- general economic conditions.

In addition, the stock markets in general have experienced extreme price and volume fluctuations that have at times been unrelated or disproportionate to the operating performance of the particular companies affected. These market and industry factors may materially harm the market price of our common stock irrespective of our operating performance.

**Mr. Vincent Browne controls a significant amount of our shares, and his interests may not align with the interests of our other stockholders.**

Currently, our CEO and Chairman of the Board, Mr. Vincent Browne, holds approximately 94.5% of total voting power and a 50.7% beneficial ownership in our company and we expect that he will continue to have substantial control of our Company. This significant concentration of share ownership and voting power may adversely affect or reduce the trading price of our common stock because investors often perceive a disadvantage in owning shares in a company with one or several controlling stockholders. Mr. Browne has the ability to significantly influence or control the outcome of all matters requiring stockholders' approvals, including electing and removing directors and management and approving mergers or other business combination transactions. He also has the ability to significantly influence or control the approval of significant corporate transactions. These actions may be taken even if they are opposed by our other stockholders. This concentration of share ownership and voting power may also discourage, delay or prevent a change in control of our company, which could deprive our stockholders of an opportunity to receive a premium for their shares as part of a possible sale of our company. Accordingly, no persons should purchase any shares unless they are willing to entrust all aspects of control to our management.

In addition, at the present time, Mr. Browne is also the owner, sole officer and director of Growthcap Investments Inc., VestCo Corp. and Power Clouds Holdings Pte. Ltd. Mr. Browne has fiduciary duties to both us and Growthcap, VestCo Corp. and Power Clouds Holdings Pte. Ltd., and may become subject to conflicts of interest on certain matters where Growthcap, VestCo Corp. or Power Clouds Holding's interests may not be aligned with the interests of our minority stockholders. For more information regarding our principal stockholders, see "Security Ownership of Certain Beneficial Owners and Management".

***We currently do not intend to pay dividends on our common stock.***

We do not currently anticipate that we will pay any cash dividends on shares of our common stock for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend on results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

***Transfers or issuances of our equity may impair or reduce our ability to utilize our net operating loss carryforwards and certain other tax attributes in the future.***

Section 382 of the Code contains rules that limit the ability of a company that undergoes an "ownership change" to utilize its net operating loss and tax credit carry forwards and certain built-in losses recognized in years after the ownership change. An "ownership change" is generally defined as an increase in ownership of a corporation's stock by more than 50 percentage points over a rolling three-year period by stockholders that own (directly or indirectly), or are treated as owning, 5% or more of the stock of a corporation at any time during the relevant rolling three-year period. If an ownership change occurs, Section 382 imposes an annual limitation on the use of pre-ownership change net operating losses, credits and certain other tax attributes to offset taxable income earned after the ownership change. The annual limitation is equal to the product of the applicable long-term tax exempt rate in effect for the month in which the ownership change occurs and the value of the company's stock immediately before the ownership change (with some adjustments). For example, this annual limitation may be adjusted to reflect any unused annual limitation for prior years and certain recognized (or treated as recognized) built-in gains and losses for the year. In addition, Section 383 generally limits the amount of tax liability in any post-ownership change year that can be reduced by pre-ownership change tax credit carryforwards or capital loss carryforwards.

No assurance can be given that subsequent transactions (including an issuance of additional shares of our common stock) will not result in an ownership change. Even if a subsequent transaction does not result in an ownership change, it may materially increase the likelihood that we will undergo an ownership change in the future. Also, sales of stock by stockholders, whose interests may differ from our interests, may increase the likelihood that we undergo, or may cause, an ownership change. If we were to undergo another "ownership change," it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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***If securities or industry analysts do not publish research or reports or publish unfavorable research or reports about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. We may not obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of the Company, the trading price for our stock could be negatively impacted. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us publishes unfavorable research or reports or downgrades our stock, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to regularly publish reports on us, interest in our stock could decrease, which could cause our stock price or trading volume to decline.

***Our articles of incorporation contain anti-takeover provisions that could have a material and adverse effect on the rights of holders of our common stock.***

Our articles of incorporation limit the ability of others to acquire control of our company or cause us to engage in change of control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our Board of Directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our common stock. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our Board of Directors decides to issue preferred shares, the price of our common stock may fall and the voting and other rights of the holders of our common stock may be materially and adversely affected.

***Indemnification rights held by our directors and officers may result in substantial expenditures by our company and may discourage lawsuits against our directors and officers.***

The indemnification obligations provided in our articles of incorporation, our bylaws and contractually to our directors and officers could result in the Company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which we may be unable to recoup. These provisions and resulting costs may also discourage us from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our shareholders against our directors and officers even though such actions, if successful, might otherwise benefit us and our shareholders. We may also provide indemnification rights to our employees with similar results.

***If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations or prevent fraud or fail to meet our reporting obligations and investor confidence may be materially and adversely affected.***

As a smaller reporting company as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, we are required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 (“Section 404”). Section 404 requires us to include an internal control report with the Annual Report on Form 10-K. This report must include management’s assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm may need to report on the effectiveness of our internal control over financial reporting.

Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We currently have limited accounting personnel and other resources with which to address our internal controls and procedures. Therefore, we may be unable to timely complete our evaluation testing and any required remediation.

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If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our common stock. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

**We are an “emerging growth company” under the JOBS Act of 2012, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.**

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are choosing to take advantage of the extended transition period for complying with new or revised accounting standards. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates.

We will remain an “emerging growth company” for up to five years, although we will lose that status sooner if our revenues exceed \$1 billion, if we issue more than \$1 billion in non-convertible debt in a three year period, or if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any December 31.

**Item 1B. Unresolved Staff Comments**

Not applicable

**Item 2. Properties**

Our principal executive offices are located at One World Trade Center, Suite 8500, New York, NY 10007. Our European operations center is located at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Dublin 15, D15 PK64, Ireland.

As of December 31, 2019, we had 5 leased facilities located in 7 countries. These included five office facilities located in the United States, Ireland, Romania, Germany and the Netherlands, and land leases in Romania, Italy, Germany and the Netherlands on which our operating solar parks are situated. Our solar park portfolio consists of an aggregate total of approximately 100 acres of land and rooftop space with a combined capacity of 40.8MW. All of our facilities are leased, with terms ranging from monthly leases to 25 years.

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The following table provides the location for our most significant facilities, as of December 31, 2019:

Location	Type of Facility
Leased Properties:	
New York, NY USA	Office: Corporate Headquarters
Dublin, Ireland	Office: European Operations Center
Romania	Office
Frankfurt, Germany	Office
Schiphol, Netherlands	Office
Romania	Land Lease
Italy	Rooftop and Land Lease
Germany	Rooftop and Land Lease
Netherlands	Land Lease

We believe that all of our facilities are in good condition and are well maintained. Our facilities are used for current operations. For additional information regarding obligations under operating leases, see Note 7, "Commitments and Contingencies," to our audited Consolidated Financial Statements included elsewhere in this report.

The costs associated with our properties can be found in Note 6 to our consolidated financial statements.

**Item 3. Legal Proceedings**

See *Note 8. Commitments and Contingencies* to our consolidated financial statements included in this Annual Report on Form 10-K for disclosures concerning our legal proceedings, which disclosures are incorporated herein by reference.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Our Class A common stock is currently quoted on the OTC Pink stock market, under the symbol "ALTN." Trading in our common stock is limited.

The following table sets forth the high and low bid prices of our common stock during the last two fiscal years and (from January 1, 2018 to December 31, 2019). These prices reflect inter-dealer quotations, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Quarter Ended	High Bid	Low Bid
<b>Fiscal year ended December 31, 2020:</b>		
June 30, 2020	\$ 0.13	\$ 0.07
March 31, 2020	\$ 0.20	\$ 0.08
<b>Fiscal year ending December 31, 2019:</b>		
December 31, 2019	\$ 0.30	\$ 0.15
September 30, 2019	\$ 0.35	\$ 0.17
June 30, 2019	\$ 0.58	\$ 0.06
March 31, 2019	\$ 0.17	\$ 0.03
<b>Fiscal year ended December 31, 2018:</b>		
December 31, 2018	\$ 0.14	\$ 0.02
September 30, 2018	\$ 0.15	\$ 0.06
June 30, 2018	\$ 0.15	\$ 0.05
March 31, 2018	\$ 0.20	\$ 0.07

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**Holders**

As of December 31, 2019, there were approximately 128 holders of record of our Class A Common Stock, and one holder of record of our Class B Common Stock.

**Dividends**

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business, and therefore we do not anticipate paying any cash dividends in the foreseeable future.

Additionally, our ability to pay dividends on our common stock will be limited by restrictions on the ability of our subsidiaries and us to pay dividends or make distributions under the terms of current and any future agreements governing our indebtedness. Any future determination to pay dividends will be at the discretion of our Board of Directors, subject to compliance with covenants in our current and future agreements governing our indebtedness, and will depend upon our results of operations, financial condition, capital requirements and other factors that our Board of Directors deems relevant.

In addition, since we are a holding company, substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our earnings, cash flow and ability to pay dividends are largely dependent upon the earnings and cash flows of our subsidiaries and the distribution of profits from the operating subsidiaries to us as the parent company.

**Recent Issuance of Unregistered Securities**

We issued the following unregistered securities during the fiscal year ended December 31, 2019:

- We issued 22,165,876 shares of Class A Common Stock valued at \$1,458,314 based on the market price of the stock on date of issuance, in exchange for services rendered.
- We issued 290,000 shares of Class A Common Stock as partial consideration for gross proceeds of \$290,000.
- We issued 15,000,000 shares of Class B Common Stock to Growthcap Investments Inc., a company controlled by our CEO, Mr. Browne, in exchange for the return of 15,000,000 shares of Class A Common Stock.
- We issued 5,000,000 shares of Series E Convertible Preferred Stock in exchange for the return of 50,000,000 shares of Class A Common Stock.

We issued the following unregistered securities during the fiscal year ended December 31, 2018:

- During the year ended December 31, 2018, the Company issued a total of 9,250,000 shares of restricted common stock in exchange for services rendered. The value was based on the stock price of the various dates of issuance equal to \$516,500 and is recorded in selling, general and administrative expenses.
- On November 27, 2018 the 30,000,000 shares of Series D Convertible Preferred Stock held by Power Clouds Holdings Pte. Ltd. automatically converted into 30,000,000 shares of restricted Class A common stock due to the increase in total authorized common shares to 450,000,000.

Each of the securities offerings or transactions described above was exempt from registration under Regulation S, Regulation D or Section 4(a)(2) of the Securities Act. The shares issued in these transactions were restricted (i.e., not freely tradable), and the certificates evidencing such shares contained a legend (1) stating that the shares have not been registered under the Securities Act, and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

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**Item 6. Selected Financial Data**

Not applicable.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Forward-Looking Statements**

*The following is a discussion and analysis of our financial condition and results of operations for the fiscal years ended December 31, 2019 and 2018. You should read this discussion and analysis together with our Consolidated Financial Statements and related notes and the other financial information included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" and elsewhere in this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements."*

**Overview**

We are a global IPP. We develop, own and operate solar PV parks that connect directly to national power grids. Our current revenue streams are generated from long-term, government-mandated, fixed price supply contracts with terms of between 15-20 years in the form of government FiTs and other energy incentives. Our current contracts deliver annual revenues, of which approximately 75% are generated from these sources with the remaining 25% deriving from revenues generated under contracted PPAs with other energy operators and by sales to the general energy market in the countries we operate. In general, these contracts generate an average sales rate for every kWh of green energy produced by our solar parks. Our current focus is on the European solar PV market. However, we are also actively exploring opportunities in other countries outside of Europe.

The Company is not a manufacturer of solar panels or other related equipment but generates 100% of its revenues from energy sales under long term contracts as described above. By design, we currently focus exclusively on energy generation and as a result, we are technology agnostic and can therefore customize our solar parks based on local environmental and regulatory requirements and continue to take advantage of falling component prices over time.

We use annual contracted revenues as a key metric in our financial management of the business as we feel it better reflects the long-term stability of operations. Annual contracted revenues is defined as the estimated future revenue based on the remaining term, price and estimated production of the offtake contract of the solar park. It must be noted that the actual revenues reported by the Company in a particular year may be lower than the annual contracted revenues because not all parks may be revenue generating for the full year in their first year of operation, and also to allow for timing of acquisitions that take place throughout the financial year.

Our goal is to grow our asset base and within our operations provide sufficient liquidity for recurring growth capital expenditures and general purposes. We expect to achieve this growth and deliver returns by focusing on the following initiatives:

*Value-Oriented Acquisitions:*

We focus on sourcing off-market transactions at more attractive valuations than auction processes. We believe that targeting smaller solar projects 1MW to 20 MWs and working within country developer partners allows us to acquire high quality assets at attractive relative values. We continue to develop an acquisition pipeline across our scope of operations.

*Margin Enhancements:*

We believe there is significant opportunity to enhance our cash flow through optimizing the performance of our existing assets. In the second quarter of 2019, we executed service agreements with BayWa r.e., such agreements provide reduction in operations and maintenance expense, provide 24/7 monitoring of our assets and increase revenue through deployment of technology.

## **Factors that Significantly Affect our Results of Operations and Business**

We expect the following factors will affect our results of operations:

### ***Offtake contracts***

Our revenue is primarily a function of the volume of electricity generated and sold by our renewable energy facilities as well as, where applicable, the sale of green energy certificates and other environmental attributes related to energy generation. Our current portfolio of renewable energy facilities is generally contracted under long-term FiT program or PPAs with creditworthy counterparties. As of December 31, 2019, the weighted average remaining life of our FiT and PPAs was 13 years. Pricing of the electricity sold under these FiT and PPAs is generally fixed for the duration of the contract, although some of our PPAs have price escalators based on an index (such as the consumer price index) or other rates specified in the applicable PPA.

We also generate RECs as we produce electricity. RECs are accounted for as governmental incentives and are considered operational revenue as part of the solar facilities. These RECs are currently sold pursuant to agreements with third parties and the arrangements is recognized as the underlying electricity is generated.

### ***Project operations and generation availability***

Our revenue is a function of the volume of electricity generated and sold by our renewable energy facilities. The volume of electricity generated and sold by our renewable energy facilities during a particular period is impacted by the number of facilities that have achieved commercial operations, as well as both scheduled and unexpected repair and maintenance required to keep our facilities operational.

The costs we incur to operate, maintain and manage our renewable energy facilities also affect our results of operations. Equipment performance represents the primary factor affecting our operating results because equipment downtime impacts the volume of the electricity that we are able to generate from our renewable energy facilities. The volume of electricity generated and sold by our facilities will also be negatively impacted if any facilities experience higher than normal downtime as a result of equipment failures, electrical grid disruption or curtailment, weather disruptions, or other events beyond our control.

### ***Seasonality and resource variability***

The amount of electricity produced and revenues generated by our solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. As shorter daylight hours in winter months result in less irradiation, the electricity generated by these facilities will vary depending on the season. Irradiation can also be variable at a particular location from period to period due to weather or other meteorological patterns, which can affect operating results. As the majority of our solar power plants are located in the Northern Hemisphere (Europe) we expect our current solar portfolio's power generation to be at its lowest during the first and fourth quarters of each year. Therefore, we expect our first and fourth quarter solar revenue to be lower than in other quarters. As a result, on average, each solar park generates approximately 15% of its annual revenues in Q1 every year, 35% in each of Q2 and Q3, and the remaining 15% in Q4. Our costs are relatively flat over a year, and so we will always report lower profits in Q1 and Q4 as compared to the middle of the year.

### ***Interest rates on our debt***

Interest rates on our senior debt are mostly fixed for the full term of the finance at low interest rates ranging from 1.7% to 4.2%. The relative certainty of cash flows and the fixed nature of the senior debt payments provide sufficient coverage ratios. Additionally, our senior financing is project specific with no cross-collateralization and with no recourse to the parent. In this environment all free cash flows therefore are available to cover corporate costs and for reinvestment in new projects.

In addition to the project specific senior debt, we use a small amount of promissory notes that reduces, and in some cases eliminates, the requirement for us to provide equity in the acquisition of the projects. As of December 31, 2019, 89% of our total liabilities was project related debt.

**Cash distribution restrictions**

In certain cases, we obtain project-level or other limited or non-recourse financing for our renewable energy facilities which may limit our ability to distribute funds to the parent company, Alternum Energy Inc. for corporate operational costs. These limitations typically require that the project-level cash is used to meet debt obligations and fund operating reserves of the operating subsidiary. These financing arrangements also generally limit our ability to distribute funds generated from the projects if defaults have occurred or would occur with the giving of notice or the lapse of time, or both.

**Renewable energy facility acquisitions and investments**

Our long-term growth strategy is dependent on our ability to acquire additional renewable power generation assets. This growth is expected to be comprised of additional acquisitions across our scope of operations both in our current focus countries and new countries.

Renewable power has been one of the fastest growing sources of electricity generation globally over the past decade. We expect the renewable energy generation segment in particular to continue to offer growth opportunities driven by:

- the continued reduction in the cost of solar and other renewable energy technologies, which we believe will lead to grid parity in an increasing number of markets;
- distribution charges and the effects of an aging transmission infrastructure, which enable renewable energy generation sources located at a customer's site, or distributed generation, to be more competitive with, or cheaper than, grid-supplied electricity;
- the replacement of aging and conventional power generation facilities in the face of increasing industry challenges, such as regulatory barriers, increasing costs of and difficulties in obtaining and maintaining applicable permits, and the decommissioning of certain types of conventional power generation facilities, such as coal and nuclear facilities;
- the ability to couple renewable energy generation with other forms of power generation and/or storage, creating a hybrid energy solution capable of providing energy on a 24/7 basis while reducing the average cost of electricity obtained through the system;
- the desire of energy consumers to lock in long-term pricing for a reliable energy source;
- renewable energy generation's ability to utilize freely available sources of fuel, thus avoiding the risks of price volatility and market disruptions associated with many conventional fuel sources;
- environmental concerns over conventional power generation; and
- government policies that encourage development of renewable power, such as country, state or provincial renewable portfolio standard programs, which motivate utilities to procure electricity from renewable resources.

**Access to capital markets**

Our ability to acquire additional clean power generation assets and manage our other commitments will likely be dependent on our ability to raise or borrow additional funds and access debt and equity capital markets, including the equity capital markets, the corporate debt markets and the project finance market for project-level debt. We accessed the capital markets several times in 2018 and 2019, in connection with long-term project debt, and corporate loans and equity. Limitations on our ability to access the corporate and project finance debt and equity capital markets in the future on terms that are accretive to our existing cash flows would be expected to negatively affect our results of operations, business and future growth.

#### **Foreign exchange**

Our operating results are reported in United States Dollars. Our current projects revenue and expenses are generated in other currencies, including the Euro, and the Romanian LEI. This mix may continue to change in the future if we elect to alter the mix of our portfolio within our existing markets or elect to expand into new markets. In addition, our investments (including intercompany loans) in renewable energy facilities in foreign countries are exposed to foreign currency fluctuations. As a result, we expect our revenues and expenses will be exposed to foreign exchange fluctuations in local currencies where our renewable energy facilities are located. To the extent we do not hedge these exposures, fluctuations in foreign exchange rates could negatively impact our profitability and financial position.

#### **EPC costs for Solar Projects**

EPC costs for solar projects include the costs of construction, connection and procurement. The most significant contributor to EPC costs is the cost of components such as modules, inverters and mounting systems. Our supplier and technology, agnosticism, our strong supply chain management and our strong relationships with equipment suppliers have enabled us to historically purchase equipment at relatively competitive technical performance, prices, terms and conditions.

In recent years, the prices of modules, inverters and mounting systems have decreased as a result of oversupply and improving technology. As the costs of our components have decreased, our solar parks have become more cost competitive and our profitability has increased. As a result, our solar parks have begun to offer electricity at increasingly competitive rates, which has increased the attractiveness of our investment return and our revenue. We expect the cost of components will continue to gradually decrease. Moreover, newly commercialized PV technologies are expected to further drive down EPC costs and increase the energy output of PV systems, which will further increase the competitiveness of our solar parks and allow solar energy to achieve grid parity in more and more markets.

#### **Key Metrics**

##### **Operating Metrics**

We regularly review a number of operating metrics to evaluate our performance, identify trends affecting our business, formulate financial projections and make certain strategic decisions. We consider a solar park operating when it has achieved connection and begins selling electricity to the energy grid.

###### **Operating Nameplate capacity**

We measure the electricity-generating production capacity of our renewable energy facilities in nameplate capacity. We express nameplate capacity in direct current ("DC"), for all facilities. The size of our renewable energy facilities varies significantly among the assets comprising our portfolio.

We believe the combined nameplate capacity of our portfolio is indicative of our overall production capacity and period to period comparisons of our nameplate capacity are indicative of the growth rate of our business. The table below outlines our operating renewable energy facilities as of December 31, 2018 and 2019.

<b>MWs (DC) Nameplate Capacity by Country</b>	<b>2019</b>	<b>2018</b>
Romania	6.1	6.1
Italy	7.9	2.9
Germany	1.4	-
Netherlands	11.8	-
<b>Total</b>	<b>27.2</b>	<b>9.0</b>

In addition to the above, as of December 31, 2019, we own an additional 13.6MW of projects that are still under construction...

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Megawatt hours sold

Megawatt hours (“MWh”) sold refers to the actual volume of electricity sold by our renewable energy facilities during a particular period. We track kWh sold as an indicator of our ability to realize cash flows from the generation of electricity at our renewable energy facilities. Our kWh sold for renewable energy facilities for the year ended December 31, 2019 and 2018, were as follows:

<b>MWhs by Country</b>	<b>2019</b>	<b>2018</b>
Romania	6,476,760	6,574,852
Italy	5,177,688	1,951,467
Germany	1,027,144	-
Netherlands	72,032	-
<b>Total</b>	<b>12,753,624</b>	<b>8,526,319</b>

**Consolidated Results of Operations**

The following table illustrates the consolidated results of operations for the year ended December 31, 2019 and 2018.

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Cost of revenues	\$ 2,585,568	\$ 2,592,964
<b>Gross Profit</b>	<b>1,847,471</b>	<b>1,314,350</b>
Operating Expenses		
Selling, general and administrative	4,453,155	1,817,567
Loss on disposal of investment in energy asset	-	681,421
Depreciation, amortization, and accretion	1,193,107	699,573
<b>Total Operating Expenses</b>	<b>5,646,262</b>	<b>3,198,561</b>
<b>Loss from Operations</b>	<b>(3,798,791)</b>	<b>(1,884,211)</b>
Other Income (Expense)		
Interest expense	(3,210,299)	(1,412,864)
Other income (expense)	(132,976)	480
Gain on bargain purchase	4,113,148	1,623,883
<b>Total other income (expense)</b>	<b>769,873</b>	<b>211,499</b>
<b>(Loss) Before Provision for Income Taxes</b>	<b>(3,028,918)</b>	<b>(1,672,712)</b>
Provision for Income Taxes	-	(180,000)
<b>Net Loss</b>	<b>\$ (3,028,918)</b>	<b>\$ (1,852,712)</b>

**Major Components of Our Results of Operations**

**For the year ended December 31, 2019 compared to December 31, 2018.**

We generate our revenue from the sale of electricity from our solar parks. The revenue is either from a Feed in Tariff (Fit) program, Power Purchase Agreement (PPA), or Renewable Energy Credit (RECs)

**Operating Revenues, net**

Operating revenues, net for the for the year ended December 31, 2019 and 2018 were as follows:

<b>Net Revenue, by Country</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Italy	\$ 1,533,298	\$ 829,794	\$ 703,504
Romania	932,382	1,763,170	(830,788)
Germany	106,734	-	106,734
Netherlands	13,154	-	13,154
<b>Total</b>	<b>\$ 2,585,568</b>	<b>\$ 2,592,964</b>	<b>\$ (7,396)</b>

Net revenue decreased slightly for the year ended 2019 compared to 2018. The decrease was due to lower production and no energy trading revenue in Romania, and offset by the new acquisitions in Italy, Germany, and the Netherlands.

<b>Net Revenue, by Offtake Type</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Feed in Tariff	\$ 1,653,186	\$ 829,794	\$ 823,392
Green Certificates	631,740	789,740	(158,000)
Energy Offtake Agreements	300,642	973,430	(672,788)
<b>Total</b>	<b>\$ 2,585,568</b>	<b>\$ 2,592,964</b>	<b>\$ (7,396)</b>

**Cost of Revenues**

We capitalize the equipment costs, development costs, engineering and construction related costs. Our cost of revenues with regards to our IPP solar parks primarily is a result of the asset management, operations and maintenance, as well as tax, insurance, and lease expenses. Certain economic incentive programs, such as FiT regimes, generally include mechanisms that ratchet down incentives over time. As a result, we seek to connect our IPP solar parks to the local power grids and commence operations in a timely manner to benefit from more favorable existing incentives. Therefore, we generally seek to make capital investments during times when incentives are most favorable.

Cost of revenues for the year ended December 31, 2019 and 2018 were as follows:

<b>Cost of Revenue, by Country</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Italy	\$ 206,149	\$ 132,776	\$ 73,373
Romania	490,001	1,145,838	(655,837)
Germany	41,947	-	41,947
Netherlands	-	-	-
<b>Total</b>	<b>\$ 738,097</b>	<b>\$ 1,278,614</b>	<b>\$ (540,517)</b>

Cost of revenue decreased by \$540,517 for the year ended December 31, 2019, compared to 2018. This was due to reduction of operating costs in the Romania plant specific to reduction of operations and maintenance cost and no expenses related to energy trading. Gross profit in Italy was significantly higher than Romania due to the fact that in 2018 Romania had higher costs associated with the sale of energy and green certificates, which decreased the profit margin.

**Gross profit**

Gross profit is equal to revenue less cost of revenues. Our gross profit depends on a combination of factors, including primarily our revenue model, the geographic distribution of the solar parks, the mix of electricity sold during the reporting period, the costs of services outsourced to third-party contractors and management costs.

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Gross profit for the years ended December 31, 2019 and 2018 were as follows:

<b>Gross Profit, by Country</b>	<b>For the Year Ended</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Italy	\$ 1,327,149	\$ 697,018	\$ 630,131
Romania	442,381	617,332	(174,951)
Germany	64,787	-	64,787
Netherlands	13,154	-	13,154
<b>Total</b>	<b>\$ 1,847,471</b>	<b>\$ 1,314,350</b>	<b>\$ 533,121</b>
<b>Gross Profit %</b>	<b>71.5%</b>	<b>50.7%</b>	<b>20.8%</b>

Gross profit increased for the year ended December 31, 2019 by \$533,121 compared to 2018, which was due to higher sales volume and lower cost of revenue in Italy as a result of the new acquisition. In January of 2019, we executed a new operations and maintenance agreement with Baywa, which lowered our operations and maintenance cost in Romania by 13%. In 2018 Romania had higher costs associated with the sale of energy and green certificates, which decreased the profit margin.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses for the years ended December 31, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Selling, General and Administrative Expenses	4,453,155	1,817,567	(2,635,588)
<b>Total</b>	<b>\$ 4,453,155</b>	<b>\$ 1,817,567</b>	<b>\$ (2,635,588)</b>

Selling, general and administrative expenses increased from for the year ended 2019 compared to 2018. This was mainly due to additional stock compensation of \$947,061, and accounting, legal and consulting fees of \$699,958 related to our audits and Form 10 filings, \$492,061 of costs associated with acquisitions. In addition, in the fourth quarter of 2018, the Company hired a full time General Counsel and Chief Financial Officer.

**Acquisition Costs**

As discussed in *Note 4. Acquisitions and Dispositions* to our consolidated financial statements, the Company acquired four SPVs in April of 2019 and one SPV in December of 2019. These projects were considered business combinations under GAAP and therefore the acquisition costs were expensed and not capitalized. The expenses were included in selling general and administrative expenses.

Acquisition costs were \$492,061 for the year ended December 31, 2019, and consisted, primarily of advisory fees, commissions to third parties and professional fees for legal and accounting services. There were no acquisition costs incurred for the year ended December 31, 2018.

**Depreciation, Accretion and Amortization Expense**

Depreciation, accretion and amortization expense increased by \$506,466 for the year ended December 31, 2019, compared to 2018, primarily as a result of incremental depreciation, accretion and amortization associated with the acquisition of the Italian renewable energy assets in the second quarter of 2019.

**Interest Expense, Net**

	<b>For the Year Ended</b>		
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Interest Expense	(3,210,299)	(1,412,864)	(1,797,435)
<b>Total</b>	<b>\$ (3,210,299)</b>	<b>\$ (1,412,864)</b>	<b>\$ (1,797,435)</b>

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Interest expense increased for the year ended December 31, 2019, compared to 2018, primarily as a result of interest expenses associated with warrant issuance for debt of \$357,635 and interest expense associated with short term financing of the Italy acquisition, which includes third party commission on financing.

**Bargain Purchase Gain on Acquisition of Renewable Energy Facilities**

In April 2019, PC-Italia-02 S.R.L., a wholly owned subsidiary of Alternus Energy Inc.'s (the "Company") Netherlands' subsidiary, completed the acquisition of 100% of the share capital of 4 out of 5 SPVs (Special Purpose Vehicles) the Company planned to purchase under a definitive sale and purchase agreement signed with Risen Energy PV Holding Italy GmbH and Risen Energy (HongKong) Co., Limited. The total acquisition consisted of 7 operating photovoltaic plants located in Italy having a total installed capacity of 5.1 MWs in exchange for approximately \$8.1M cash, less \$1.5M held back for the acquisition of the 5<sup>th</sup> SPV, and less \$0.4M held in escrow for 2 months from closing against certain tax open items and as a hold back for any unexpected items not found in due diligence. The purchase was treated as business combination, as defined by ASC 805, *Business Combinations*.

The fair value of the purchase consideration issued to the sellers of the project was allocated to the net assets acquired. The Company accounted for the acquisition as the purchase of a business under U.S. GAAP under the acquisition method of accounting, and the assets and liabilities acquired were recorded as of the acquisition date at their respective fair values and consolidated with those of the Company. The fair value of the net assets acquired was approximately \$9.9 million, which led to a bargain purchase gain of \$4.1M. The excess of the aggregate fair value of the net tangible assets has been treated as a gain on bargain purchase in accordance with ASC 805. The purchase price allocation was based, in part, on management's knowledge of the project and the results of a fair value assessment that the Company performed.

The Company then undertook a review to determine what factors might contribute to a bargain purchase and if it was reasonable for a bargain purchase to occur. The main reason for the bargain purchase price was a motivated seller who was looking to exit the business. The seller is manufacturer of product for the solar industry and not an operator. Part of their strategy to increase product sales is to develop and construct solar projects. The seller is not a long-term operator like Alternus, so their strategy is to not keep operating assets on their books for the long-term. Also, because of the small size of the operating assets we purchased and the fact that they were spread out across Italy made it more difficult for the seller to manage the assets since they are not an operator. This led to their willingness to sell the assets at a market discount. Subsequent to the acquisition of solar park, Alternus Energy signed a letter of intent with the seller to purchase an additional 10MWs of similar solar Projects at a price of 18.5M (euros). The price per MW was 1.85M (Euros) for an uninstalled asset as compared to the 1.35M (euros) they sold the operating asset for. Further, at the time of sale, Alternus has no side agreement or other commitment to purchase any assets from the seller. The difference between the bargain purchase gain at acquisition and the amount on the income statement is due to foreign currency translation.

	<b>Total</b>
<b>Cost of acquisitions</b>	
Cash paid for assets	\$ 6,131,004
<b>Total acquisition cost</b>	<b>\$ 6,131,004</b>
 <b>Fair value of assets acquired</b>	
Investment in energy property	9,939,414
Net working capital acquired	384,397
Asset retirement liability	(65,114)
	<b>\$ 10,258,697</b>
 <b>Gain on bargain purchase</b>	<b>\$ 4,127,693</b>

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**Liquidity and Capital Resources**

**Capital Resources**

A key element to our financing strategy is to raise the majority of our debt in the form of project specific non-recourse borrowings at our subsidiaries with investment grade metrics. Going forward, we intend to primarily finance acquisitions or growth capital expenditures using long-term non-recourse debt that fully amortizes within the asset's contracted life, as well as retained cash flows from operations and issuance of equity securities through public markets.

The following table summarizes the total capitalization and debt as of December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Short term line of credit	\$ 35,120	\$ 73,560
Promissory notes related parties	48,821	207,753
Convertible notes related parties	291,540	284,000
Senior secured debt	19,575,794	10,192,602
Promissory notes	15,478,536	13,278,803
Convertible promissory notes	2,169,401	1,097,289
Gross debt	37,599,212	25,134,007
Debt discount	(784,130)	(303,563)
Net Debt	<b>36,815,082</b>	<b>24,830,444</b>
Less current maturities	(22,705,665)	(14,510,204)
Long Term Debt, net of current maturities	<b>\$ 14,109,417</b>	<b>\$ 10,320,240</b>

**Liquidity Position**

The notes to our consolidated financial statements contained in this Annual Report on Form 10-K for the year ended December 31, 2019 include a disclosure describing the existence of certain conditions that raise substantial doubt about our ability to continue as a going concern. Our auditors' report on our December 31, 2019 financial statements, reflect that there is substantial doubt about our ability to continue as a going concern for twelve months from the issuance of this Annual Report on Form 10-K. Our operating revenues are insufficient to fund our operations and our assets already are pledged to secure our indebtedness to various third party secured creditor, respectively. The unavailability of additional financing could require us to delay, scale back or terminate our acquisition efforts as well as our own business activities, which would have a material adverse effect on the Company and its viability and prospects.

The terms of our indebtedness, including the covenants and the dates on which principal and interest payments on our indebtedness are due, increases the risk that we will be unable to continue as a going concern. To continue as a going concern over the next twelve months, we must make payments on our debt as they come due and comply with the covenants in the agreements governing our indebtedness or, if we fail to do so, to (i) negotiate and obtain waivers of or forbearances with respect to any defaults that occur with respect to our indebtedness, (ii) amend, replace, refinance or restructure any or all of the agreements governing our indebtedness, and/or (iii) otherwise secure additional capital. However, we cannot provide any assurances that we will be successful in accomplishing any of these plans.

Our consolidated financial statements as of December 31, 2019 have been prepared under the assumption that we will continue as a going concern. If we are not able to continue as a going concern, it is likely that holders of our common stock will lose all of their investment. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. See risk factors relating to our financial condition as well as other risk factors that we face in Part 1, Item 1A hereof under the caption "Risk Factors" above.

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As reflected in the accompanying financial statements, the Company had net loss of (\$3,028,918) and (\$1,852,712) for the years ended December 31, 2019 and 2018, respectively. The Company had accumulated shareholders' equity of \$3,878,161 and \$5,034,364 as of December 31, 2019 and December 31, 2018, respectively, and a working capital deficit of \$23,772,002 and \$14,114,724 as of December 31, 2019 and December 31, 2018, respectively. At December 31, 2019, the Company had \$1,076,995 of cash on hand.

The recent outbreak of the corona virus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the corona virus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the corona virus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

The following table summarizes corporate liquidity and available capital as of December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	1,076,995	1,026,533
Restricted cash for future acquisitions	349,434	8,857,966
<b>Available Capital</b>	<b>\$ 1,426,429</b>	<b>\$ 9,884,499</b>

The cash was restricted for the acquisition of the 5MWs project in Italy that occurred in April of 2019.

## **Financing Activities**

### Line of Credit:

The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit. The term is twelve months which was renewed by agreement of both parties. Drawn funds accrue interest annually at a rate of the Romania Central Bank Rate (ROBOR) 3M + 3.3%, which was 6.64% as of December 31, 2019 and 6.6% as of December 31, 2018. The Company had used \$35,120 and \$71,747 of the facility as of December 31, 2019 and 2018.

### Related Party Promissory Notes:

As of December 31, 2019 and 2018, there was an advance from PCH of \$48,821 and \$207,753 which is short term in nature and non-interest bearing.

### Related Party Convertible Notes:

In February of 2019, the terms under which all cash previously loaned by VestCo Corp., a company owned and controlled by, the Company's CEO, to the Company to date has been amended and restated under the identical investment transaction terms as described below, pursuant to which the Corporation executed a Securities Purchase Agreement with VestCo Corp. and issued to VestCo Corp. i) a convertible promissory note with a 15% OID, and therefore having a Principal Amount of \$291,540, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share, and ii) a warrant to purchase up to 619,522 shares of the Corporation's Class A common stock, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term.

During the twelve months ended December 31, 2017, the Company issued a \$100,000 convertible promissory note to the Chief Executive Office (CEO) and a \$100,000 convertible promissory note to VestCo Corp., a company controlled by the CEO, in exchange for \$200,000 cash to be provided to the Company as required for working capital purposes. The notes accrue 10% annual interest and are convertible into shares of restricted Class A common stock at \$0.20 per share, at the noteholder's option, and having a repayment date of the earlier of (i) March 31, 2018, or (ii) the closing date of a third party funding/financing/investment in the Company, or (iii) the date upon which Tre Valli Energia S.R.L. may sold by the Company, whichever is the earliest. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. As at December 31, 2018, \$284,000 was past due under loan notes issued to the CEO, VestCo Corp

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Senior secured debt:

In 2016, the Company guaranteed a 6.5 million RON (equivalent to approximately US\$1,592,500) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.3% and having a term of 60 months. The Company had principal outstanding of \$423,783 and \$698,820 as of December 31, 2019 and 2018.

In October of 2018, in order to complete additional solar park acquisitions in Germany, the Company entered into the following agreements with a third party accredited investor (the "Lender"), in connection with the Company's German subsidiary, PCG\_HoldCo UG (PCG) with an interest rate of 12% and a term of 2 years. The Company had principal outstanding of \$3,585,366 and \$3,644,585 as of December 31, 2019 and 2018.

In December of 2018, PSM 20 GmbH & Co KG entered into a senior secured loan with Sparkasse Bank in Germany. This relates to the acquisition of 7 photovoltaic installations as part of the PSM 20 GmbH & Co KG acquisition with an interest rate of 2.10% and a term of 18 years. The Company had principal outstanding of \$2,251,298 and \$2,587,081 as of December 31, 2019 and 2018.

In April of 2018, PSM 40 GmbH & Co KG entered into a senior secured loan with GLS Bank in Germany. This relates to the acquisition of 6 photovoltaic installations as part of the PSM 40 GmbH & Co KG acquisition with an interest rate of 2.0% and a term of 18 years. The Company had principal outstanding of \$2,515,866 and \$2,529,212 as of December 31, 2019 and 2018.

In October of 2018, GRT 1.1 GmbH entered into a senior secured loan with MVB Bank in Germany. This relates to the acquisition of 1 photovoltaic installations as part of the GRT GmbH acquisition, with an interest rate of 2.05% and a term of 19 years. The Company had principal outstanding of \$671,446 and \$715,531 as of December 31, 2019 and 2018.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we assumed a third-party senior bank debt facility in the amount of approximately \$7.7 million, with an interest rate of 1.7% and a term of 14 years. The Company had principal outstanding of \$7,366,816 as of December 31, 2019, which was net of the required debt service reserve fund and maintenance reserve fund of \$349,434.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we entered into a \$2.4 million bond offering issued by an accredited investor, bearing interest at 8%, amortizing over 8 years. The Company had principal outstanding of \$2,411,167 as of December 31, 2019.

Promissory Note:

In December of 2018, in order to complete additional solar park acquisitions in Italy, the Company entered into the following agreements with a third party accredited investor (the "Lender"), in connection with the Company's German subsidiary, PCG\_HoldCo UG (PCG) issuing a loan note, with an interest rate of 12% and a term of 6 months. The Company had principal outstanding of \$504,667 ad \$4,405,331 as of December 31, 2019 and 2018.

In December of 2018, in order to complete additional solar park acquisitions in Italy, the Company entered into the following agreements with a third party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, Power Clouds Europe B.V. (PCE) issuing a loan note, with an interest rate of 12% and a term of 6 months. The Company had principal outstanding of \$8,857,656 as of December 31, 2018 and the loan was repaid in 2019.

In March of 2019, in order to complete additional solar park acquisitions in Italy, the Company entered into certain loan agreement with a third party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, AE Europe B.V. with an interest rate of 12% and a term of twelve months. The proceeds of which were used to pay down existing senior secured debt. The Company had principal outstanding of \$3,398,063 as of December 31, 2019.

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In June of 2019, the Company entered into certain agreements with a third party accredited investor (the “Lender”), in connection with the Company’s Netherlands subsidiary, AE Europe B.V, with an interest rate of 7.5% until October of 2019 and then 10% thereafter and a term of ten months. The proceeds of which were used to pay down existing senior secured debt. The Company had principal outstanding of \$9,676,069 as of December 31, 2019. The loan maturity date was extended until May 31, 2020.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV, the Company entered into a \$1.9 million loan agreement with the seller of the park, which is due January 31, 2020, with no interest rate. The Company had principal outstanding of \$1,895,137 as of December 31, 2019.

On September 30, 2015, as part of the transaction with World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT, \$492,000 was assigned to various third parties, is not convertible, with interest of 7.5% and a maturity date of December 31, 2020. The Company had principal outstanding of \$509,267 as of December 31, 2019 and December 31, 2018, which was included in convertible promissory notes in the above table.

*Convertible Promissory Notes:*

On September 30, 2015, the Company issued a convertible loan note for \$1,000,000 to World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT. The note had a three-year term, accrued no interest, and was convertible at a fixed price of \$0.20 per share, subject to certain triggers and restrictions. In 2016 a portion of the convertible loan note of approximately \$300,000 was assigned to various third parties and is now convertible at market price, with a floor price of \$0.20 per share. The Company had principal outstanding of \$244,800 and \$244,800 as of December 31, 2019 and 2018.

In July of 2018, the Company issued a convertible promissory note to a third party foreign investor in exchange for a cash provided to the Company for working capital purposes. The note accrues 15% annual interest and is convertible into shares of restricted Class A common stock at \$0.20 per share, at the noteholder’s option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. The Company had principal outstanding of \$304,294 and \$251,666 as of December 31, 2019 and 2018.

In July of 2018, the Company issued a €80,000 convertible promissory note to a third party foreign consultant in exchange for sales commissions owed. The note accrues 15% annual interest and is convertible into shares of restricted Class A common stock at \$0.20 per share, at the noteholder’s option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. The Company had principal outstanding of \$89,718 and \$91,555 as of December 31, 2019 and 2018.

In February of 2019, the Company entered into a Securities Purchase Agreement with 4 accredited investors (the “Lenders”), in connection with an investment of a total amount of \$300,000, and pursuant to which the Company issued i) a convertible promissory note with a 15% OID, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Company, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share., and ii) a warrant to purchase shares of the Corporation’s Class A common stock equal to 50% of the total number of shares if the Note is fully converted, divided by the Exercise Price of \$0.25, (equal to a total of 750,000 warrants) subject to adjustment as provided therein, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term. We recorded a debt discount of \$123,805 related to the warrants issued for both the February 2019, related party note and convertible promissory note. The Company had principal outstanding of \$294,118 as of December 31, 2019.

In May of 2019, the Corporation entered into Securities Purchase Agreements with 4 accredited investors (the “Lenders”), in connection with an investment of up to a total amount of \$150,000, and pursuant to which the Corporation issued a convertible promissory note with a 15% OID, having a two year term, secured behind an accredited investors via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.25 per share, and a warrant to purchase shares of the Corporation’s Class A common stock equal to 25% of such Lender’s investment divided by the Conversion Price of \$0.25, subject to adjustment as provided therein, exercisable at \$0.30 per share and having a 3 year term. We recorded \$36,000 for the warrant cost allocated to debt discount and \$110,118 for the beneficial conversion cost related to the convertible debt. The Company had principal outstanding of \$176,471 as of December 31, 2019.

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May of 2019, the Corporation entered into a Securities Purchase Agreement with another accredited investor (the “Lender”), in connection with an investment of \$500,000, and pursuant to which the Corporation issued a convertible promissory note accruing 12% interest per annum with bi-annual interest payments, having a two year term, senior in priority to all obligations of the Company other than the Company’s obligations to an accredited investor and its affiliated investment funds, or a similar replacement thereto, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.25 per share. The Company had principal outstanding of \$500,000 as of December 31, 2019.

In November of 2019, the Company issued two convertible promissory notes to two accredited investors in the amount of \$280,000 each, convertible at 70% of the lowest trading price of the Company’s Common Stock for the last 15 trading days prior to conversion, and accruing 12% interest per annum and each having a \$25,000 original issue discount, with a maturity date of November 21, 2020. As part of the consideration for this investment, the Company issued 145,000 shares of restricted Class A common stock to each of the investors, as well as 725,000 shares of restricted Class A common stock to each investor that shall be returned to the Company provided that the Company repays the Notes in full by May of 2020. The Company had principal outstanding of \$560,000 as of December 31, 2019.

### **Debt Service Obligations**

We remain focused on refinancing near-term facilities on acceptable terms and maintaining a manageable maturity ladder. We do not anticipate material issues in addressing our borrowings through 2020 on acceptable terms and expect to be able to do so opportunistically based on the prevailing interest rate environment.

The aggregate contractual principal payments of long-term debt due after December 31, 2019, including financing lease obligations and excluding amortization of debt discounts, premiums and deferred financing costs, as stated in the financing agreements, are as follows:

Note principal payments next five years and thereafter:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Thereafter</b>	<b>Total</b>
Gross Debt	\$ 23,129,751	\$ 1,102,888	\$ 1,108,229	\$ 1,113,219	\$ 1,118,312	\$ 10,026,813	\$ 37,599,212
Debt Discount	(424,084)	(360,046)					(784,130)
Net debt	<b>\$22,705,667</b>	<b>\$ 742,842</b>	<b>\$1,108,229</b>	<b>\$1,113,219</b>	<b>\$1,118,312</b>	<b>\$10,026,813</b>	<b>\$36,815,082</b>

### **Equity Investment**

On March 27, 2020 (the “Effective Date”), Alternus Energy Inc., a Nevada corporation (the “Company”) and a foreign institutional accredited investor (the “Investor”) entered into a securities purchase agreement (the “Securities Purchase Agreement”) pursuant to which the Company sold and issued to the Investor an aggregate of 30,000,000 shares of the Company’s Class A Common Stock, par value \$0.001 per share (the “Class A Common Stock”), at a price of \$0.10 per share (the “Private Placement”). Pursuant to the Securities Purchase Agreement, the Company issued to the Investor a one-year warrant (“Class A Warrant”) to purchase up to 12,000,000 shares of the Class A Common Stock. Class A Warrant will have an exercise price equal to \$0.125, subject to the additional terms of Class A Warrant (the “Exercise Price”).

## Cash Flow Discussion

We use traditional measures of cash flow, including net cash flows from operating activities, investing activities and financing activities to evaluate our periodic cash flow results.

### **For the Year Ended December 31, 2019 compared to December 31, 2018**

The following table reflects the changes in cash flows for the comparative periods:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Net cash provided by operating activities	\$ (2,469,063)	\$ 53,776	\$ (2,522,839)
Net cash (used in) provided by investing activities	(9,065,211)	(10,114,235)	1,049,024
Net cash provided by (used in) financing activities	3,098,038	10,666,627	(7,568,589)

#### ***Net Cash (Used In) Provided By Operating Activities***

Net cash used in operating activities for the year ended December 31, 2019 compared to 2018 decreased primarily due to additional interest expense of \$1.8 million and additional overhead.

#### ***Net Cash Used In Investing Activities***

Net cash used in investing activities for the year ended December 31, 2019 compared to 2018 decreased due to investment in the new Italian and Netherlands solar parks.

#### ***Net Cash Provided by Financing Activities***

Net cash provided by financing activities for the year ended December 31, 2019 compared to 2018 decreased due to proceeds from debt issuance associated with the acquisition of the new Italian and Netherlands solar parks.

#### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions in certain circumstances that affect amounts reported in our consolidated financial statements and related footnotes. In preparing these consolidated financial statements, we have made our best estimates of certain amounts included in the consolidated financial statements. Application of accounting policies and estimates, however, involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In arriving at our critical accounting estimates, factors we consider include how accurate the estimate or assumptions have been in the past, how much the estimate or assumptions have changed and how reasonably likely such change may have a material impact. Our critical accounting policies are discussed below.

#### **Business Combinations**

We account for business combinations by recognizing in the financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in the acquiree at fair value at the acquisition date. We also recognize and measure the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, acquisition costs related to business combinations are expensed as incurred. Business combinations is a critical accounting policy as there are significant judgments involved in the allocation of acquisition cost.

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When we acquire renewable energy facilities, we allocate the purchase price to (i) the acquired tangible assets and liabilities assumed, primarily consisting of land, plant, and long-term debt, (ii) the identified intangible assets and liabilities, primarily consisting of the value of favorable and unfavorable rate PPAs and REC agreements and the in-place value of market rate PPAs, (iii) non-controlling interests, and (iv) other working capital items based in each case on their fair values in accordance with ASC 805.

We perform the analysis of the acquisition using the various valuation methodologies of replacement cost approach, or an income approach or excess earnings approach. Factors considered by management in its analysis include considering current market conditions and costs to construct similar facilities. We also consider information obtained about each facility as a result of our pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets and liabilities acquired or assumed. In estimating the fair value, we also establish estimates of energy production, current in-place and market power purchase rates, tax credit arrangements and operating and maintenance costs. A change in any of the assumptions above, which are subjective, could have a significant impact on the results of operations.

The allocation of the purchase price directly affects the following items in our consolidated financial statements:

- The amount of purchase price allocated to the various tangible and intangible assets, liabilities and non-controlling interests on our balance sheet;
- The amounts allocated to the value of favorable and unfavorable rate PPAs and REC agreements are amortized to revenue over the remaining non-cancelable terms of the respective arrangement. The amounts allocated to all other tangible assets and intangibles are amortized to depreciation or amortization expense, with the exception of favorable and unfavorable rate land leases and unfavorable rate O&M contracts which are amortized to cost of operations; and
- The period of time over which tangible and intangible assets and liabilities are depreciated or amortized varies, and thus, changes in the amounts allocated to these assets and liabilities will have a direct impact on our results of operations.

## Impairment of Renewable Energy Facilities and Intangibles

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset's carrying amount and its fair value. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques.

## Impairment of Goodwill

Goodwill is tested annually for impairment at the reporting unit level during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances. A reporting unit is either the operating segment level or one level below, which is referred to as a component. The level at which the impairment test is performed requires judgment as to whether the operations below the operating segment constitute a self-sustaining business or whether the operations are similar such that they should be aggregated for purposes of the impairment test.

In assessing goodwill for impairment, we may elect to use a qualitative assessment to determine whether the existence of events or circumstances leads to a determination that it is more-likely-than-not that the fair value of our reporting units are less than their carrying amounts. If we determine that it is not more-likely-than-not that the fair value of our reporting units are less than their carrying amounts, we are not required to perform any additional tests in assessing goodwill for impairment. However, if we conclude otherwise or elect not to perform the qualitative assessment, then we are required to perform the quantitative impairment test.

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[Depreciable lives of Long-lived Assets](#)

We have significant investments in renewable energy facility assets. These assets are generally depreciated on a straight-line basis over their estimated useful lives which range from 15 to 30 years for our solar generation facilities.

The estimation of asset useful lives requires significant judgment. Changes in our estimated useful lives of renewable energy facilities could have a significant impact on our future results of operations. See *Note 2. Summary of Significant Accounting Policies* to our consolidated financial statements regarding depreciation and estimated service lives of our renewable energy facilities.

**Recently Issued Accounting Standards**

See *Note 2. Summary of Significant Accounting Policies* to our consolidated financial statements for our year end audited financial statements for disclosures concerning recently issued accounting standards.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Not applicable.

**Item 8. Financial Statements and Supplementary Data**

The financial statements required by this item are included after the signature page of this filing.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to the material weakness described below.

**Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company maintains internal controls over financial reporting that are designed to ensure that information required to be disclosed in the Company's SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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In designing and evaluating the internal controls over financial reporting, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of management, including the Company's principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2019, our internal controls over financial reporting were not effective at the reasonable assurance level due to the material weakness discussed below.

In light of the material weakness described below, we performed additional analysis and other post-closing procedures to ensure that our consolidated financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

This report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this report.

### **Material Weakness and Related Remediation Initiatives**

In performing the above-referenced assessment, management identified the following deficiencies in the design or operation of our internal controls and procedures, which management considers to be material weaknesses:

*Insufficient Resources.* We have an insufficient quantity of dedicated resources and experienced personnel involved in reviewing and designing internal controls. As a result, an effective assessment could not be completed which raises the possibility of a material misstatement of the interim and annual financial statements which could occur and not be prevented or detected on a timely basis.

*Failure to Segregate Duties.* Management has not maintained adequate segregation of duties within the Company due to its reliance on a few individuals to fill multiple roles and responsibilities. Our failure to segregate duties has been a material weakness for the period covering this report.

*Sufficiency of Accounting Resources.* We have limited accounting personnel to handle complex accounting transactions. The insufficiency of our accounting resources and systems has caused certain reconciliations not to be completed without an undue effort which caused a material weakness for the period covering this report.

Our management feels the weaknesses identified above have not had any material effect on our financial results. However, we are currently reviewing our disclosure controls and procedures related to these material weaknesses, and expect to implement changes in the near term, as resources permit, in order to address this material weakness. Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis, and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds permit.

**Inherent Limitations on the Effectiveness of Controls**

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

*Changes in Internal Control Over Financial Reporting*

With the exception of the hiring of our CFO and General Counsel in the fourth quarter of 2018 and one other additional full time employee in the accounting department in the fourth quarter of 2019, there were no changes in our internal control over financial reporting during the fiscal period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

None.

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**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth information regarding our directors and executive officers as of the date of the filing of this Annual Report on Form 10-K. Pursuant to our charter and bylaws, each of our directors will be elected by our stockholders to serve until such director's successor is duly elected and qualified except as in the case of such director's earlier death, resignation, retirement, disqualification, removal or incapacity. Subject to any employment agreements, officers serve at the pleasure of our Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Vincent Browne	52	Chairman of the Board, President and Chief Executive Officer
John Thomas	67	Director
John McQuillan	56	Director
Joseph E. Duey	47	Chief Financial Officer
Taliesin Durant	48	General Counsel and Corporate Secretary

Set forth below is a brief account of the business experience of the individuals who currently serve as our directors and executive officers:

***Vincent Browne, Chairman of the Board, President and Chief Executive Officer***

Mr. Browne has been our Chairman of the Board, President and Chief Executive Officer since September of 2017. Prior to that, from July of 2015 to November of 2018, he served as our Chief Financial Officer and from October of 2015 to December of 2018 he served as our Corporate Secretary. From February of 2013 to March of 2014, he served as our acting Chief Financial Officer, Corporate Secretary and as a Director. Mr. Browne is also the sole director of all of our subsidiaries except Alternus Energy International Limited. Since December of 2016 Mr. Browne has also been the owner and managing director of Power Clouds Holdings Pte. Ltd. and Growthcap Investments Inc., the majority shareholder of our Company. Prior to joining Alternus, commencing in January of 2012 and ending in December of 2016, Mr. Browne served as Chief Executive Officer and Chairman of the Board of Axilogix, Inc. Prior to that, commencing in October of 2008, he served as Chief Executive Officer and Chairman of the Board of Flint Telecom Group, Inc. until December 2012. From 2000 to 2005 Mr. Browne founded a number of technology startups. Prior to this, Mr. Browne was Head of Procurement with Esat Telecom Group, Ireland's premier competitive telecom operator, quoted on NASDAQ. His formative career was with Siemens Nixdorf in Ireland managing the Products Business Segment with annual revenues in excess of \$50 million and 8 years of profitability. Mr. Browne holds a Bachelor of Commerce (Accounting) degree from University College Dublin and is a regular contributor in commercialization of research and technology projects with the Technology and Enterprise Campus at Trinity College Dublin. Mr. Browne was selected to serve as a director in light of his role as Chief Executive Officer, the management perspective he brings to board deliberations and his extensive management experience.

***John Thomas, Director***

As of February 6, 2018, John Thomas was elected as a member of the Company's Board of Directors. On August 19, 2019 he was appointed to the Company's Audit Committee. Mr. Thomas has served in senior operating and management roles in a variety of corporate and public enterprises for over 35 years. Currently, he is Managing Partner of the Doonbeg Group, which he co-founded in 2013. Doonbeg Group is a merchant bank offering advisory services across a wide spectrum of interests. Prior to co-founding the Doonbeg Group, he was a founding partner of Fifie Hudson Group, a boutique investment bank. Prior to that, Mr. Thomas spent 12 years at the Grundstad Maritime Group, a Norwegian holding company with various maritime assets including product tankers and a cruise line, culminating as CEO and President of the Group. He joined Grundstad from Northrop Corporation, where for five years he was responsible for Northrop's corporate counter trade and offset operations worldwide. Before joining Northrop, Mr. Thomas was Owners Representative for West Africa and Resident Managing Director in Nigeria for Farrell Lines, a US Flag shipping company. He began his African experience as a U.S. Peace Corps Volunteer in The Gambia, West Africa and later transferred to Micronesia. Mr. Thomas graduated with a BS in Business Administration from Manhattan College. Mr. Thomas' service in senior operating and management roles of other companies, as well as his independence from the Company, led to the conclusion that he should serve as a director of our Company.

***John McQuillan, Director***

As of December 13, 2018, John McQuillan was elected as a member of the Company's Board of Directors. On August 19, 2019 he was appointed as Chair of the Company's Audit Committee. He currently serves as Chief Financial Officer of Homecare Direct. Mr. McQuillan also serves as an independent director of the following companies: Grenke Finance Plc, Erinbay Limited, Rector Way Management Company, Tipperary Crystal Designs Limited, SMCQ Limited, Badagio Limited, Feaz Limited, and a director of one of our subsidiaries, Alternus Energy International Limited, in addition to a number of SPVs associated with his role in HCD Homecare Limited. In 2005, Mr. McQuillan started his own accounting practice in the energy and regulated sectors in addition to audit, assurance and accounting services to a wide range of clients in the SME sector, including professional and financial services. Prior to that Mr. McQuillan worked as Financial Controller of the ESB Group Network Business. Mr. McQuillan trained with KPMG. He is a graduate of Trinity College Dublin. Mr. McQuillan is a fellow of Chartered Accountants Ireland and an Associate of the Chartered Institute of Arbitrators in Ireland. Mr. McQuillan's service as a director and an executive officer of other companies, including his current service as a Chief Financial Officer, as well as his independence from the Company led to the conclusion that he should serve as a director of our Company.

***Joseph E. Duey, Chief Financial Officer***

Joseph E. Duey has been our Chief Financial Officer since October of 2018. Mr. Duey is also the Corporate Secretary of our Irish subsidiary, Alternus Energy International Limited. Prior to joining Alternus, Mr. Duey served as Chief Financial Officer of Helios Energy Group from August of 2016 through September of 2018, an independent power producer focused on developing, acquiring, owning, and operating clean energy generation. From January 2012 through July of 2016, Mr. Duey served as Chief Financial Officer of Green States Energy, Inc., an independent power producer focused on developing, acquiring, owning, and operating clean energy generation. From June of 2008 to December 2011, Mr. Duey was the Controller for Power Partners, a division of MasTec (MTZ), which constructed wind and solar farms in the United States. Mr. Duey was Vice-President of Finance and General Manager of Allumination Filmworks from September 2005 to June 2008. Mr. Duey joined the Goodrich Corporation (at the time a \$5B public company) in August of 2002 to September 2005, where he was the Manager of Consolidations Planning and Analysis which comprised over 40 consolidating entities in 17 countries. From January 2002 to August 2002 he was the Controller at Bran and Luebbe a division of the SPX Corporation (SPX). Mr. Duey's early career experience was at Arthur Andersen, where he performed external, internal, and operational audits for Fortune 1000 Companies. Mr. Duey received an MBA from the University of Illinois and achieved CPA, CMA, CIA, and CFM designations.

**Taliesin Durant, General Counsel and Corporate Secretary**

Ms. Durant has been our General Counsel and Corporate Secretary since December of 2018. Prior to December of 2018 she served as President of a boutique legal services firm, DART Business Services LLC, which she founded in March of 2010 to provide general and securities legal services to small public companies. Prior to founding DART, from October of 2008 to February of 2010, she was Chief Legal Officer and Corporate Secretary of Flint Telecom Group, Inc. Prior to this, from June of 2001 to September of 2008, Ms. Durant served as General Counsel and Corporate Secretary for Semotus Solutions Inc. Ms. Durant graduated with a BA in Economics from Connecticut College. Ms. Durant is a member of the California State Bar Association, having earned a Juris Doctor degree at Northwestern School of Law at Lewis and Clark College and completed her final year of law school at Santa Clara University School of Law.

**Board Composition**

Our business and affairs are managed under the direction of the Board of Directors, which is currently composed of three directors. Under our bylaws, the number of directors shall not be fewer than one. At each annual meeting of stockholders, the directors will be elected to serve until the earlier of their death, resignation, retirement, disqualification, removal or incapacity or until their successors have been elected and qualified. Currently each director is elected until the next annual meeting of stockholders.

Our current and future executive officers serve at the discretion of our Board of Directors. Our Board of Directors may also choose to form certain committees, such as an Audit and Compensation Committee. As of the date hereof, the Board of Directors has appointed an Audit Committee.

**Board Committees**

Our Board of Directors from time to time may appoint directors to serve in committees. As of the date hereof, the Board of Directors has appointed an Audit Committee.

We currently have an audit committee with the composition and responsibilities described below. The members of each committee are appointed by the board of directors and serve until their successor is elected and qualified, unless they are earlier removed or resign. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

***Audit Committee***

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act and on August 19, 2019, the Registrant's Board of Directors approved the adoption of an audit committee. The current members of our Audit Committee are John P. Thomas and John McQuillan, each of whom the Board has determined to be independent under the rules and standards of the NYSE. John McQuillan is a financial expert as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002 and possesses accounting or related financial management expertise as defined under the rules of the NYSE. The Board also approved the Audit Committee's Charter which gives certain powers and authority to the Audit Committee as further described in the Committee Charter.

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Our Audit Committee is responsible for, among other things:

- selecting the independent auditor;
- pre-approving all audit engagement fees and terms, as well as audit and permitted non-audit services to be provided by the independent auditor;
- at least annually, obtaining and reviewing a report of the independent auditors describing the audit firm's internal quality-control procedures and any material issues raised by its most recent review of internal quality controls;
- at least annually evaluating the qualifications, performance and independence of the independent auditors, including the lead audit partners;
- discussing the scope of the audit and any problems or difficulties;
- reviewing and discussing the annual audited and quarterly unaudited financial statements and "Item 2. Financial Information—Management's Discussion and Analysis of Financial Conditions and Results of Operations" with management and the independent auditor;
- discussing types of information to be disclosed in earnings press releases and provided to analysts and rating agencies;
- discussing policies governing the process by which risk assessment and risk management are to be undertaken;
- discussing the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- discussing with management and the independent auditor the adequacy and effectiveness of the Company's ethics and compliance program;
- reviewing internal audit activities and qualifications of the internal audit function;
- establishing and overseeing procedures for receipt, retention and treatment of complaints received by us regarding accounting, auditing or internal controls and the submission of anonymous employee concerns regarding accounting and auditing;
- discussing with our general counsel any material government investigations, litigation or legal matters that could reasonably be expected to have a material impact on business or financial statements;
- approving related party transactions above a certain threshold;
- reviewing and approving the Company's decisions to enter into certain swaps and security-based swaps;
- annually reviewing and assessing the Audit Committee's performance; and
- preparing the report required by the SEC to be included in our annual report on Form 10-K or our proxy or information statement.

The Audit Committee has authority under its charter to obtain advice and assistance from outside legal counsel, accounting or other outside advisors as deemed appropriate to perform its duties and responsibilities. A copy of the charter is available on our website at <http://alternusenergy.com/corporate-governance/governance-policies>. Information contained in, and that can be accessed through, our website is not incorporated into and does not form a part of this Report.

### **Board Oversight of Risk Management**

While the full Board of Directors has the ultimate oversight responsibility for the risk management process, its Audit committee oversees risk in certain specified areas. In particular, our Audit Committee oversees management of enterprise risks as well as financial risks and potential conflicts of interests. Pursuant to the Board of Directors' instruction, management regularly reports on applicable risks to the Audit committee or the full Board of Directors, as appropriate, with additional review or reporting on risks conducted as needed or as requested by the Board of Directors and its committees.

In fulfilling its oversight and other responsibilities, the Audit Committee met one time during 2019, after its adoption in August of 2019, passed one resolution through unanimous written consent, and met one time prior to the filing of this Annual Report on Form 10-K. The Audit Committee's activities included, but were not limited to: (a) selecting the independent registered public accounting firm, (b) meeting periodically in executive session with the independent registered public accounting firm, (c) reviewing the Quarterly Reports on Form 10-Q for the three and nine months ended September 30, 2019, (d) performing a self-assessment of the committee, (e) reviewing the Audit Committee charter, and (f) reviewing the overall scope, plans and findings of our internal auditor. Based on the results of the annual self-assessment, the Audit Committee believes that it satisfied the requirements of its charter. The Audit Committee also reviewed and discussed with management and the independent registered public accounting firm this Annual Report on Form 10-K, including the audited financial statements.

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Our independent registered public accounting firm, Marcum LLP, is responsible for expressing an opinion on the conformity of the audited financial statements with GAAP. The Audit Committee reviewed with Marcum LLP its judgment as to the quality, not just the acceptability, of our accounting principles and such other matters as are required to be discussed with the Audit Committee pursuant to the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) and the SEC. The Audit Committee received written disclosures and the letter from Marcum LLP required by applicable requirements of the PCAOB Rule 3526, “Communication with Audit Committees Concerning Independence,” and has discussed with Marcum LLP its independence from management and the Company. Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2019 for filing with the SEC.

### **Code of Ethics and Business Conduct**

Our Board of Directors adopted a code of business conduct and ethics in January of 2019, which applies to all of our directors, officers and employees. Our Code of Conduct is designed to help directors and employees worldwide to resolve ethical issues in an increasingly complex global business environment. The Code of Conduct applies to all directors and employees, including, without limitation, the CEO, the CFO and any other employee with any responsibility for the preparation and filing of documents with the SEC. The Code of Conduct covers a variety of topics, including those required to be addressed by the SEC. Topics covered include, but are not limited to, conflicts of interest, confidentiality of information and compliance with applicable laws and regulations. Directors and employees of the Company receive periodic updates regarding policies governed by and changes to the Code of Conduct. The Code of Conduct is available at our Investor Relations website located at <http://alternusenergy.com/invest/governance-policies>. We will post amendments to or waivers of the provisions of the Code of Conduct made with respect to any of our directors and executive officers on that website within four business days. The information contained on, or accessible through, our website is not part of this Report, and is not incorporated by reference. To date, no amendments to or waivers of the provisions of the Code of Conduct were made with respect to any of our directors or executive officers.

### **Communications with the Board**

Shareholders or other interested parties can contact any director or committee of the Board of Directors by writing to them c/o General Counsel and Secretary, One World Trade Center, Suite 8500, New York, NY 10007. Comments or complaints relating to our accounting, internal accounting controls or auditing matters will also be referred to members of the Audit Committee. The Audit Committee has procedures for (a) receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls, or auditing matters and (b) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act, as amended, requires directors, executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports or changes in ownership of such equity securities. Based upon a review of the copies of the forms furnished to us and written representations from certain reporting persons, we believe that during 2019 none of our directors or executive officers or persons who beneficially owned more than ten percent of a registered class of our equity securities were delinquent with respect to any of the filing requirements under Section 16(a).

### **Item 11. Executive Compensation**

We are a Smaller Reporting Company, as defined in Rule 12b-2 of the Exchange Act. Accordingly, we have omitted certain information called for by this Item as permitted by applicable scaled disclosure rules.

#### **Executive Compensation**

The table below summarizes all compensation awarded to, earned by, or paid to named executive officers (“NEOs”) of the Company for all services rendered in all capacities to us for the fiscal years 2018 and 2019:

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Vincent Browne, President and Chief Executive Officer (2)	2019	150,000	30,000	1,075,000	-	-	1,255,000
	2018	-	-	-	-	120,000	120,000
Joseph E. Duey, Treasurer, Chief Financial Officer	2019	120,000	30,000	30,000	-	-	180,000
	2018	30,000	-	112,000	-	-	142,000
Taliesin Durant, Secretary and General Counsel (3)	2019	120,000	30,000	30,000	-	-	180,000
	2018	10,000	-	60,000	-	49,000	129,000
Roberto Forlani, Former CTO (2018) (4)	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	249,071

(1) Amounts indicated for “Stock Awards” represent the fair value of the awards at the date of grant as calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, “Compensation-Stock Compensation,” or ASC 718, without regard to forfeiture assumptions.

(2) All compensation paid to Mr. Browne was through VestCo Corp. (a company owned and controlled by Mr. Browne), pursuant to professional consulting agreements described in further detail below under “Narrative Disclosure to Summary Compensation Table”.

(3) The other compensation amount reported above in 2018 represents fees earned for consulting services provided by Ms. Durant to the Company.

(4) Mr. Forlani served as Chief Technology Officer until November 2018. Mr. Forlani was paid \$110,000 in 2018 for his professional services. This amount was paid by the Company pursuant to a settlement agreement among the Company and Telenergia S.r.l., a company owned and controlled by Mr. Forlani. The settlement cancelled \$145,000 of professional services that were outstanding and \$10,344 of a note outstanding. Telenergia S.r.l. was also paid \$139,070 in 2018 for operations and maintenance services provided to the Company’s subsidiaries located in Romania.

**Narrative Disclosure to Summary Compensation Table**

*Mr. Browne:*

In July 2016, the Company entered into a Professional Consulting Agreement (“PCA2”) with VestCo Corp., a company owned and controlled by Vincent Browne, our CEO and Chairman of the Board, as well as CFO at the time, which superseded and replaced a previous professional consulting agreement. The initial term of the PCA2 was three years with automatic renewal for additional three year terms. Under PCA2, the Company paid a quarterly base fee of \$45,000, which was reduced to \$30,000 per quarter in 2017.

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In February 2019, the Company entered into a new professional consulting agreement with VestCo Corp. which superseded and replaced PCA2 (“PCA3”). Under PCA3, Mr. Browne received a quarterly base fee of \$30,000 until June 30, 2019, and \$45,000 per quarter thereafter, a cash bonus of \$30,000 and 10,000,000 shares of restricted Class A common stock, 7,500,000 of which are subject to the following three year vesting schedule: 2,500,000 shares vest on each anniversary of PCA3 and any unvested shares are returned to the Company if PCA3 is terminated during the three year vesting period.

### *Executive Officer Employment Agreements:*

As of October 1, 2018, the Company and Mr. Duey entered into an employment agreement. As of December 1, 2018, the Company and Ms. Durant entered into an employment agreement. Under each of these employment agreements, the Company (i) paid to each executive officer a monthly base salary of \$10,000, (ii) paid to each executive officer a cash bonus based on achieving certain milestones, (iii) issued to each executive officer shares of restricted common stock. Pursuant to the applicable employment agreement, Mr. Duey received 2,000,000 shares of the Company’s Class A common stock in 2018 and 1,000,000 shares in 2019, and Ms. Durant received 1,000,000 shares of the Company’s Class A common stock in 2018 and 1,000,000 shares in 2019.

The Company may terminate the employment agreements for “Cause,” which is defined as any of the following: (i) the conviction of a felony, or a crime involving dishonesty or moral turpitude; (ii) fraud, misappropriation or embezzlement; or (iii) willful failure or gross negligence in the performance of assigned duties, which failure or negligence continues for more than 30 days following written notice of such failure or negligence. If such employment agreement is terminated early without cause by the Company within the initial term, the applicable executive officer shall receive severance pay equal to 6 months base salary. If the applicable executive officer terminates the employment agreement for any reason during the initial term, all Company stock issued to such executive officer as of the termination date shall automatically be returned to the Company.

### **2019 Stock Incentive Plan**

On June 14, 2019, the Board of Directors and the Company’s stockholders approved the Company’s 2019 Stock Incentive Plan (the “2019 Plan”). The 2019 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, stock grants, and stock units (collectively, the “Awards”). Awards may be granted under the 2019 Plan to our employees, directors and consultants (collectively, the “Participants”). The maximum number of shares of common stock available for issuance under the 2019 Plan is 22,500,000 shares. The shares of common stock subject to stock awards granted under the 2019 Plan that expire, are forfeited because of a failure to vest, or otherwise terminate without being exercised in full will return to the 2019 Plan and be available for issuance under the 2019 Plan. To date, no Awards have been granted.

In the event of a corporate transaction or a change of control, outstanding Awards under the 2019 Plan may be assumed, continued, or substituted by the surviving corporation. If the surviving corporation does not assume, continue, or substitute such Awards, then (a) any stock awards that are held by individuals performing services for the Company immediately prior to the effective time of the transaction will become fully vested and exercisable and will be terminated if not exercised prior to the effective date of the transaction, and (b) all other outstanding stock awards will be terminated if not exercised on or prior to the effective date of the transaction.

The 2019 Plan is scheduled to terminate at our 2027 Annual Meeting of Stockholders. The termination of the 2019 Plan, or any amendment thereof, shall not impair the rights or obligations of any Participant under any Award previously granted under the 2019 Plan without the Participant’s consent, unless such modification is necessary or desirable to comply with any applicable law, regulation or rule. No Awards shall be granted under the 2019 Plan after the Plan’s termination. An amendment of the 2019 Plan shall be subject to the approval of our stockholders only to the extent such approval is otherwise required by applicable laws, regulations or rules.

**Outstanding Equity Awards at Fiscal Year-End**

**Compensation of Directors**

The table below summarizes all compensation awarded to, earned by, or paid to our directors for all services rendered in all capacities to us for the fiscal years 2018 and 2019.

Name	DIRECTOR COMPENSATION						Total (\$)
	Fiscal Year	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	
Vincent Browne (2)	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-
John Thomas (3)	2019	60,000	47,250	-	-	65,000	172,250
	2018	40,000	70,000	-	-	240,000	350,000
John McQuillan	2019	30,000	47,250	-	-	-	77,250
	2018	-	10,500	-	-	-	10,500
Roberto Forlani	2019	-	-	-	-	-	-
Former Director (2)	2018	-	-	-	-	-	-

(1) Stock Award values are reflective of the total fair value, regardless of vesting conditions for earning the awards, for grants received during the applicable fiscal year.

(2) Neither Mr. Browne nor Mr. Forlani received compensation for their services as directors distinct and separate from any compensation described under “Executive Compensation” above. Mr. Forlani resigned as a director in November 2018.

(3) Amounts shown for All Other Compensation reflect fees (in the form of both cash (\$30,000) and stock (valued at \$210,000 in 2018 and in the form of cash in 2019) paid to Doonbeg Partners LLC, a company owned and controlled by Mr. Thomas, for consulting services provided to the Company.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.**

As of September 30, 2020, we had 135,520,492 shares of our common stock (Classes A and B) issued and outstanding. The following table sets forth information regarding the beneficial ownership of our common stock. The table below sets forth such beneficial ownership for:

- each stockholder that is a beneficial owner of more than 5% of the common stock (based on information that was publicly available or made available to the Company as of September 30, 2020);
- each director and named executive officer individually; and
- all directors and executive officers as a group.

The percentage of common stock beneficially owned by each person is based on 135,520,492 shares of Class A and Class B common stock outstanding as of September 30, 2020. Shares of common stock that may be acquired within 60 days following April 10, 2020 pursuant to the exercise of options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such holder but are not deemed to be outstanding for computing the percentage ownership of any other person shown in the table. Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them. Unless otherwise noted below, the address of the persons and entities listed in the table is c/o Altermus Energy Inc., One World Trade Center, Suite 8500, New York, NY 10007.

Name	Common Stock & Warrants of Alternus Energy Inc. Beneficially Owned	Percentage of Outstanding Shares Beneficially Owned
<b>5% Stockholders:</b>		
Growthcap Investments Inc. (1)	50,587,571	37.3%
Telenergia Europe S.R.L. (2)	19,201,784	14.2%
VestCo Corp. (3)	17,577,222	12.8%
Gain Energy S.R.L. (4)	10,000,000	7.4%
IDC DR Fund LP (5)	9,958,713	6.8%
<b>Directors and Named Executive Officers:</b>		
Vincent Browne (6)	69,414,793	50.4%
John Thomas (7)	4675000	3.4%
Taliesin Durant (8)	3,000,000	2.2%
Joseph E. Duey	3,000,000	2.2%
John McQuillan	1,175,000	0.9%
Roberto Forlani (former CTO)	21,701,784	16.0%
Directors and executive officers as a group (5 persons)	81,264,793	59.1%
<b>Total Common Shares at September 30, 2020</b>	<b>135,520,492</b>	

\* Represents beneficial ownership of less than 1%.

- (1) Vincent Browne, the Company's CEO and Chairman of the Board, has sole voting and investment power over Growthcap Investments Inc. The address for Growthcap Investments Inc. is 16192 Coastal Highway, Lewes, DE 19958.
- (2) Roberto Forlani, the Company's former CEO and CTO, has majority voting control and investment power over Telenergia Europe S.R.L. The address for Telenergia Europe is Strada Madrigalului 42A, Ap4, Rm2, Bucharest, Romania.
- (3) Vincent Browne, the Company's CEO and Chairman of the Board, has majority voting and investment power over VestCo Corp. The address for VestCo Corp. is 16192 Coastal Highway, Lewes, DE 19958.
- (4) Lorenzo Silvestre has majority voting and investment power over Gaia Energy S.R.L. The address for Gaia Energy S.R.L is Xona Asi Aversa Nord, Italy.
- (5) Includes 9,958,713 shares of common stock underlying warrants exercisable at \$0.122 per share for a period of three years from the date of issuance held by IDC DR Fund LP. Eliot Kang has voting and investment power over IDC DR Fund LP. The address for IDC DR Fund LP is 1500 Broadway, 704, New York, NY 10036.
- (6) Includes (i) 50,587,571 shares of Class A common stock held by Growthcap Investments Inc., a company which Mr. Browne has voting and investment power over (ii) (a) 15,000,000 shares of Class B common stock, (b) 500,000 shares of Class A common stock, (c) 619,522 shares of Class A common stock underlying warrants exercisable at \$0.25 per share or through a cashless exercise provision, for a period of four years which expires in February of 2023, and (d) 1,457,700 shares of Class A common stock underlying a \$291,540 convertible promissory note, in each case, held indirectly through VestCo Corp., a company which Mr. Browne has voting and investment power over; and (iii) 1,250,000 shares of Class A common stock held indirectly through VestCo I Corp., a company which Mr. Browne has voting and investment power over.
- (7) Includes 3,000,000 shares of Class A common stock held indirectly through Doonbeg Partners LLC, a company which Mr. Thomas has 50% voting and investment power over.
- (8) Includes 3,000,000 shares of Class A common stock held indirectly through DART Business Services LLC, a company which Ms. Durant has sole voting and investment power over.
- (9) Includes 2,500,000 shares of Class A common stock held directly and 19,201,784 shares of Class A common stock held indirectly through Telenergia Europe S.R.L., a company which Mr. Forlani has voting and investment power over. Based solely upon the information contained in a Schedule 13G filed on February 14, 2020.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

*Stock Exchange Agreement– Class B Common Stock*

On October 9, 2019 a Stock Exchange Agreement was entered into by and among Company and VestCo Corp. (“VestCo”), a company owned and controlled by Vincent Browne, our Chairman and CEO, whereby VestCo returned 15,000,000 shares of ALTN Class A common stock, which were cancelled and returned to the total authorized but unissued shares of Class A common stock of the Company, in exchange for 15,000,000 shares of Class B Common Stock of the Company. See Footnote 9: Shareholders Equity for more details on the terms and conditions of the Class B Common Stock.

*Stock Exchange Agreement - Series E Convertible Preferred Stock*

On August 19, 2019 a Stock Exchange Agreement was entered into by and among the Company and its majority shareholder, Growthcap Investments Inc. (“GII”), which is owned and controlled by our Chairman and CEO, Vincent Browne, whereby GII returned 50,000,000 shares of our Class A common stock, which were cancelled and returned to the total authorized but unissued shares of common stock of the Company, in exchange for 5,000,000 shares of Series E Convertible Preferred Stock of the Company. See Footnote 9: Shareholders Equity for more details on the terms and conditions of the Series E Convertible Preferred Stock.

*Related Party Notes*

During the year ended December 31, 2017, the Company issued a \$100,000 convertible promissory note to Mr. Vincent Browne, the Chief Executive Officer of the Company (CEO), and a \$100,000 convertible promissory note to VestCo Corp., a company controlled by the CEO, in exchange for \$200,000 cash to be provided to the Company as required for working capital purposes. The notes accrue 10% annual interest and are convertible into shares of Class A restricted common stock at \$0.20 per share, at the noteholder's option. In February of 2019, the terms under which all cash previously loaned by VestCo Corp. to the Company to date was amended and restated pursuant to a Securities Purchase Agreement with VestCo Corp. and issued to VestCo Corp. i) a convertible promissory note with a 15% OID, and therefore having a Principal Amount of \$291,540, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share, and ii) a warrant to purchase up to 619,522 shares of the Corporation's Class A common stock, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term.

Mr. Browne also owns and controls Power Clouds Holdings Pte. Ltd., a Singapore company (“PCH”). PCH has advanced \$207,753 to the Company which amount has not yet been repaid. As of December 31, 2019 this advance from PCH was short term in nature and non-interest bearing, with a balance of \$48,191.

During the year ended December 31, 2017 the Company issued to Gaia a \$1,395,680 unsecured promissory note, accruing no interest and having a maturity date of December 31, 2017, and a promissory note of \$536,800 to be paid in cash by the Company or its subsidiaries by no later than June 30, 2017, as part of the consideration for the acquisition of Tre Valli Energia S.R.L. As part of this transaction, the Company also issued a total of 10 million shares of restricted common stock to Gaia, making Gaia a related party upon the closing of the transaction due to its resulting beneficial ownership of approximately 7% of the Company's total issued common stock. (See notes 6 to our consolidated financial statements). During the year ended December 31, 2017 the Company paid \$429,440 to Gaia. As at December 31, 2017, \$1,679,806 was due under the notes. On April 3, 2018 Gaia filed an Arbitration Application with the Arbitration Chamber of Milan, Italy, against PC-Italia-01, requesting the appointment of an arbitrator and demanding the unwinding of the above transaction due to the delay in payment of the remaining amounts due to Gaia. This matter was settled in 2018 (see note 9 to our consolidated financial statements).

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On September 30, 2015, the Company issued a convertible loan note for \$1,000,000 to World Global Assets Pte. Ltd. (“WGA”), a related party at the time of the transaction due to WGA being controlled by our former CEO at the time. The note had a three-year term, accrued no interest, and was convertible at a fixed price of \$0.20 per share, subject to certain triggers and restrictions. The Company can repay the note at any time without penalty. As the conversion price was above the market price at the time of issuance, no beneficial conversion cost was recorded. In 2016 a portion of the convertible loan note of approximately \$300,000 was assigned to various third parties and is now convertible at market price, with a floor price of \$0.20 per share and a maturity date of June 30, 2019. Another portion of this note in the amount of approximately \$492,000 was assigned to various third parties, is not convertible and includes a maturity date of December 31, 2020. The remainder of the note was forgiven by WGA. As a result of the above assignments and the forgiveness of the remainder of the note by WGA, a related party, we booked a contribution to Additional Paid in Capital of \$173,352 as gain on forgiveness of debt in the year ended December 31, 2015. As of December 31, 2018, the total convertible promissory note of \$754,067 relates to \$244,800 three year note and \$509,267 five year note due under the assigned notes. As of December 31, 2019, the total convertible promissory note of \$754,067 relates to \$244,800 three year notes and \$509,267 five year notes due under the assigned notes.

### *Consulting Services Agreements Involving the Company’s Directors and Executive Officers*

Mr. John Thomas is a director of the Company and also the owner and managing director of Doonbeg Partners LLC. The Company contracted with Doonbeg in June of 2017 to provide certain consulting services to the Company for compensation of \$240,000 in 2018, consisting of cash and stock, and \$65,000 in 2019. The consulting agreement with Doonbeg terminated on June 28, 2019. See Item 6: Director Compensation for more information.

Roberto Forlani was a former director and the former CTO of the Company during 2017 and 2018. Mr. Forlani also owns and controls Telenergia Europe S.r.l. (“TES”), a solar park operation and maintenance company. The Company contracted with TES to provide operation and maintenance services to the Company’s subsidiaries located in Romania for \$165,583 in 2018. In October of 2018, the Company entered into a settlement agreement with Mr. Forlani and TES whereby the Company agreed to pay \$100,000 to TES in settlement of all amounts due and owed to the CTO and TES.

### **Director Independence**

Though we are not currently listed on a national securities exchange, we intend to adhere to the corporate governance standards adopted by the NYSE. The Board of Directors has considered the independence of our directors pursuant to the listing standards of the NYSE to evaluate whether each director has a material relationship with the Company. The NYSE listing standards identify a list of relationships with the Company that would prevent the Board of Directors from determining that a director is independent from the Company. In addition, the SEC and the NYSE have implemented certain additional independence standards for board committee membership.

Based on this review, the Board has determined that each of Messrs. Thomas and McQuillan is independent pursuant to the listing standards of the NYSE. Accordingly, a majority of the members of the current board are independent.

### **Item 14. Principal Accounting Fees and Services**

The firm of Marcum LLP is our independent registered public accounting firm. The following table sets forth fees paid to Marcum LLP during the years ended December 31, 2019 and 2018:

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	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Audit Fees (1)	\$ 198,450	\$ 258,922
Audit-related fees (2)	36,300	
Tax fees (3)		
All other fees		
<b>Total</b>	<b>\$ 234,750</b>	<b>\$ 258,922</b>

(1) Audit fees consist primarily of the audit and quarterly reviews of the consolidated financial statements, but can also be related to statutory audits of subsidiaries required by governmental or regulatory bodies, attestation services required by statute or regulation, comfort letters, consents, assistance with and review of documents filed with the SEC, work performed by tax professionals in connection with the audit and quarterly reviews, and accounting and financial reporting consultations and research work necessary to comply with GAAP.

(2) Audit-related fees include fees related to acquisition due diligence and accounting consultations.

(3) Tax fees consist primarily of services rendered for tax compliance, tax advice, and tax planning.

The charter of the Audit Committee provides that the committee is responsible for the pre-approval of all auditing services and permitted non-audit services to be performed for us by our independent registered public accounting firm, subject to the requirements of applicable law. In accordance with such charter, the Audit Committee reviews the matters to be approved. The Audit Committee periodically monitors the services rendered by and actual fees paid to the independent registered public accounting firm to ensure that such services are within the parameters approved by the Audit Committee.

**PART IV**

**Item 15. Exhibits Financial Statement Schedules**

**(a) Financial Statements and Financial Statement Schedule**

See Index to Consolidated Financial Statements

**(b) Exhibits:**

See Exhibit Index

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
Alternus Energy, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Alternus Energy, Inc. (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

**Explanatory Paragraph – Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Marcum LLP

We have served as the Company’s auditor since October, 2017.

New York, NY  
October 1, 2020

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,076,995	\$ 1,026,533
Accounts receivable	210,032	307,307
Other receivables, sale of asset	383,819	531,717
Unbilled energy incentives earned	-	164,687
Prepaid expenses and other current assets, short term portion	502,054	334,078
Taxes recoverable	610,919	178,995
<b>Total Current Assets</b>	<u>2,783,819</u>	<u>2,543,317</u>
<b>Investment in Energy Property and Equipment, Net</b>	<b>33,459,478</b>	<b>14,739,767</b>
<b>Construction in Process</b>	<b>7,270,194</b>	<b>6,979,080</b>
Prepaid expenses and other current assets, long term portion	396,639	-
Goodwill	1,353,998	-
Restricted cash	349,434	8,857,966
<b>Total Assets</b>	<b><u>\$ 45,613,562</u></b>	<b><u>\$ 33,120,130</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,700,796	\$ 1,696,200
Convertible and non-convertible promissory notes, current portion	22,705,665	14,510,204
Capital lease, current portion	87,785	85,325
Derivative liability	-	338,861
Taxes payable	61,575	27,451
<b>Total Current Liabilities</b>	<b><u>26,555,821</u></b>	<b><u>16,658,041</u></b>
Convertible and non-convertible promissory notes, net of current portion	14,109,417	10,320,240
Capital lease, net of current portion	923,948	1,032,453
Asset retirement obligation	146,215	75,032
<b>Total Liabilities</b>	<b><u>41,735,401</u></b>	<b><u>28,085,766</u></b>
<b>Commitments and Contingencies Note 8</b>		
<b>Shareholders' Equity</b>		
Preferred Shares, \$0.001 par value; 50,000,000 shares authorized, 5,000,000 issued and outstanding (Liquidation value of \$5,000 as of December 31, 2019)	5,000	-
Common stock, \$0.001 par value; 435,000,000 shares authorized as of December 31, 2019, and 450,000,000 shares authorized as of December 31, 2018, 68,182,602 of Class A shares and 110,726,725 Class A shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively.	68,183	110,727
Common stock, \$0.001 par value, 15,000,000 and 0 shares of Class B stock authorized, issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	15,000	-
Additional paid in capital	15,442,118	13,164,601
Accumulated other comprehensive loss	(642,682)	(260,424)
Accumulated deficit	(11,009,458)	(7,980,540)
<b>Total Shareholders' Equity</b>	<b><u>3,878,161</u></b>	<b><u>5,034,364</u></b>
<b>Total Liabilities and Shareholders' Equity</b>	<b><u>\$ 45,613,562</u></b>	<b><u>\$ 33,120,130</u></b>

See accompanying notes to the consolidated financial statements.

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>For the Year Ended December 31, 2019</b>	<b>For the Year Ended December 31, 2018</b>
<b>Revenues</b>	<b>\$ 2,585,568</b>	<b>\$ 2,592,964</b>
Cost of revenues	(738,097)	(1,278,614)
<b>Gross Profit</b>	<b>1,847,471</b>	<b>1,314,350</b>
 <b>Operating Expenses</b>		
Selling, general and administrative	4,453,155	1,817,567
Loss on disposal of investment in energy asset	-	681,421
Depreciation and amortization	1,193,107	699,573
<b>Total Operating Expenses</b>	<b>5,646,262</b>	<b>3,198,561</b>
 <b>Loss from Operations</b>	 (3,798,791)	 (1,884,211)
 <b>Other income (expense)</b>		
Interest expense	(3,210,299)	(1,412,864)
Other Income	-	480
Change in fair value of derivative liability	(132,976)	-
Gain on bargain purchase	4,113,148	1,623,883
<b>Total other income</b>	<b>769,873</b>	<b>211,499</b>
 <b>Net Loss before Provision for Income Taxes</b>	 (3,028,918)	 (1,672,712)
Provision for Income Taxes	-	(180,000)
<b>Net Loss</b>	<b>\$ (3,028,918)</b>	<b>\$ (1,852,712)</b>
 Basic and diluted loss per share	 (\$0.03)	 (\$0.02)
 <b>Weighted average shares outstanding:</b>		
Basic and diluted	<b>97,969,579</b>	<b>75,195,218</b>
 Comprehensive loss:		
Net loss	\$ (3,028,918)	\$ (1,852,712)
Unrealized loss on currency translation adjustment	(382,190)	(466,299)
<b>Comprehensive loss</b>	<b>\$ (3,411,108)</b>	<b>\$ (2,319,011)</b>

See accompanying notes to the consolidated financial statements.

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Preferred Shares		Class A		Class B		Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total
	Series	Amount	Common stock issued Shares	Amount	Common stock issued Shares	Amount				
<b>Balance at January 1, 2018</b>	<b>30,000,000</b>	<b>\$ 30,000</b>	<b>71,476,725</b>	<b>\$ 71,477</b>			<b>\$11,949,748</b>	<b>\$ 205,875</b>	<b>\$ (6,127,827)</b>	<b>\$ 6,129,273</b>
Conversion of preferred shares Series D to commons shares	(30,000,000)	(30,000)	30,000,000	30,000	-	-	-	-	-	-
Restricted shares stock compensation	-	-	9,250,000	9,250	-	-	507,250	-	-	516,500
Warrant expense related to financing	-	-	-	-	-	-	707,603	-	-	707,603
Unrealized loss on currency translation adjustment	-	-	-	-	-	-	-	(466,299)	-	(466,299)
Net loss	-	-	-	-	-	-	-	-	(1,852,712)	(1,852,712)
<b>Balance at December 31, 2018</b>	<b>-</b>	<b>-</b>	<b>110,726,725</b>	<b>\$ 110,727</b>			<b>\$13,164,601</b>	<b>\$ (260,424)</b>	<b>\$ (7,980,540)</b>	<b>\$ 5,034,364</b>
Transfer of Common Shares to Preferred Shares Series E	5,000,000	\$ 5,000	(50,000,000)	\$ (50,000)	-	-	45,000	-	-	-
Transfer of Class A Common Shares to Class B Common Shares Stock			(15,000,000)	(15,000)	15,000,000	15,000				-
Compensation	-	-	22,455,876	22,456	-	-	1,490,758	-	-	1,513,214
Fair value of debt discount	-	-	-	-	-	-	269,922	-	-	269,922
Reclassification of derivative liability	-	-	-	-	-	-	471,837	-	-	471,837
Unrealized loss on currency translation adjustment	-	-	-	-	-	-	-	(382,190)	-	(382,190)
Net loss	-	-	-	-	-	-	-	-	(3,028,918)	(3,028,918)
<b>Balance at December 31, 2019</b>	<b>5,000,000</b>	<b>\$ 5,000</b>	<b>68,182,601</b>	<b>\$ 68,183</b>	<b>15,000,000</b>	<b>\$ 15,000</b>	<b>\$15,442,118</b>	<b>\$ (642,614)</b>	<b>\$ (11,009,458)</b>	<b>\$ 3,878,161</b>

See accompanying notes to the consolidated financial statements.

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	<b>For the Year Ended December 31, 2019</b>	<b>For the Year Ended December 31, 2018</b>
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (3,028,918)	\$ (1,852,712)
<i>Adjustments to reconcile net (loss) to net cash (used in) provided by operations</i>		
Depreciation and amortization	1,193,107	699,573
Stock compensation costs	1,513,214	516,500
Amortization of debt discount	269,922	707,603
Change in fair value of derivative liability	132,976	-
Warrant liability	-	338,861
Loss on sale of investment in energy asset	-	681,421
Gain on bargain purchase	(4,113,148)	(1,623,883)
<i>Changes in assets and liabilities, net of acquisition and disposals:</i>		
Accounts receivable and other short-term receivables	28,630	(655,334)
Other short term receivables	147,898	-
Prepaid expenses	(702,780)	(129,565)
Energy incentives earned, not yet received	146,285	428,083
Accounts payable and accrued liabilities	1,943,751	943,229
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(2,469,063)</b>	<b>53,776</b>
<b>Cash Flows from Investing Activities:</b>		
Cash used for construction in process	(55,120)	(7,003,171)
Cash acquired in acquisitions, net	1,076,096	-
Proceeds from sale of energy property and equipment, net	-	3,760,155
Deposits paid under acquisition contracts	(348,782)	-
Cash paid for acquisition of subsidiaries	(8,486,927)	-
Cash used for energy property, and equipment net	(1,250,478)	(6,871,219)
<b>Net Cash Used In Investing Activities</b>	<b>(9,065,211)</b>	<b>(10,114,235)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from debt, related parties	-	147,000
Payments of debt principal, related parties	(159,563)	-
Proceeds from debt, senior debt	5,002,577	23,491,575
Payments on debt principal, senior debt	(373,741)	(3,836,815)
Net proceeds from lines of credit	(35,346)	5,033
Payments on notes payable related to acquisition of solar parks	(1,335,889)	(282,200)
<b>Net Cash Provided by Financing Activities</b>	<b>3,098,038</b>	<b>19,524,593</b>
<b>Effect of exchange rate on cash</b>	<b>(21,834)</b>	<b>289,999</b>
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(8,458,070)</b>	<b>9,754,133</b>
Cash, cash equivalents, and restricted cash beginning of the period	9,884,499	130,366
<b>Cash, cash equivalents, and restricted cash end of the period</b>	<b>\$ 1,426,429</b>	<b>\$ 9,884,499</b>

See accompanying notes to the consolidated financial statements.

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED SUPPLEMENTAL STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	\$ 1,573,936	\$ 281,210
Reclassification of derivative liability	<u>471,837</u>	-
<i>2019 Acquisition of Zonnerpark Rilland</i>		
Working Capital Net	395,058	-
Investment in Energy Property, Net	9,853,884	-
Senior Bank Loan Assumed	(8,007,696)	-
Related party promissory note assumed	(1,683,436)	-
Goodwill	1,798,113	-
<b>Cash paid</b>	<b><u>2,355,923</u></b>	<b><u>-</u></b>
<i>2019 Acquisition of Risen Italian operating asset</i>		
Investment in Energy Property, Net	6,131,004	-
<b>Cash paid</b>	<b><u>6,131,004</u></b>	<b><u>-</u></b>
<i>2018 Acquisition of Liquid Sun Italian operating asset:</i>		
Working Capital Net	- 131,394	131,394
Investment in Energy Property, Net	- 4,177,206	4,177,206
<b>Cash paid</b>	<b><u>-</u></b>	<b><u>4,308,600</u></b>
<i>2018 Disposal of Tre Vallie Italian operating company</i>		
Investment in Energy Property, Net	- 4,346,507	4,346,507
Less: cash received prior to close	- (586,352)	(586,352)
Net Working Capital Adjustment	- 246,636	246,636
Loss on Sale of Asset and Related Operating Companies	- (681,421)	(681,421)
<b>Cash proceeds from sale</b>	<b><u>-</u></b>	<b><u>3,325,370</u></b>

See accompanying notes to the consolidated financial statements

**ALTERNUS ENERGY INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Organization and Formation**

Alternus Energy Inc. (formerly Power Clouds, Inc.) ("We", "ALTN" or the "Company") was incorporated in the State of Colorado on January 1, 2000, then reorganized as a Nevada corporation on November 8, 2006. On September 11, 2008 the corporation changed its name from Asset Realization, Inc. to World Assurance Group, Inc. On April 24, 2015, the Company changed its name from World Assurance Group, Inc. to Power Clouds Inc. On November 29, 2018, the Company changed its name from Power Clouds Inc. to Alternus Energy Inc. and related stock ticker symbol change from PWCL to ALTN.

*AE Europe B.V. (formerly Power Clouds Europe B.V.)*

In August of 2016, the Company incorporated a new wholly owned subsidiary in the Netherlands, AE Europe B.V. (formerly named Power Clouds Europe B.V.) This company was incorporated to ultimately hold the Company's European operating companies and sub-holding companies as appropriate.

*PC-Italia-01 S.R.L. (Formerly Power Clouds Wind Italia S.R.L.)*

In June of 2015, ALTN incorporated a company in Italy, PC-Italia-01 S.R.L. (formerly named Power Clouds Wind Italia S.R.L.). This company was incorporated to acquire Italian special purpose vehicles (SPVs), power plants and / or other assets located in Italy.

*PC-Italia-02 S.p.A. (Formerly PC-Italia-02 S.R.L.)*

In August of 2016, the Company incorporated a new company in Italy, PC-Italia-02 SRL as a wholly owned subsidiary of AE Europe B.V. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, this company completed the acquisition of the Sant'Angelo Energia S.r.l. in Italy which operates a 702kW PV solar park. Subsequently, in April of 2019, PC-Italia-02 acquired four additional SPVs in Italy, CIC Rooftop 2 S.r.l., CIC RT Treviso S.r.l., SPV White One S.r.l., CTS Power 2 S.r.l.

*PCG\_HoldCo GmbH & PCG\_GP UG*

In June of 2018, the Company acquired 100% of the share capital of two companies in Germany which were renamed as PCG\_HoldCo GmbH and PCG\_GP UG immediately thereafter. These two companies were acquired in order to acquire German special purpose vehicles, PV solar parks and/or other assets located in Germany. During the year ended December 31, 2018, PCG\_HoldCo completed the acquisitions of 4 SPVs in Germany, PSM 20 GmbH & Co KG, GRK 17.2 GmbH & Co KG, GRT 1.1 GmbH and PSM 40 GmbH & Co KG. In December of 2018, the Company acquired 100% of the share capital of another company in Germany which was renamed to ALTN HoldCo UG.

*Alternus Energy International Limited*

In March of 2019, the Company incorporated a new wholly owned subsidiary in Ireland, Alternus Energy International Limited. This company was incorporated to establish our European operations center.

*AEN 01 B.V.*

In June of 2019, the Company incorporated a new wholly owned subsidiary in the Netherlands, AEN 01 B.V. This company was incorporated to acquire Netherlands special purpose vehicles (SPVs), project rights and other solar energy assets in the Netherlands. During the quarter ended December 31, 2019, this company completed the acquisition of Zonnepark Rilland B.V. in the Netherlands, which operates a 11.75MW PV solar park.

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In summary, Alternus Energy is a holding company that operates through the following twenty operating subsidiaries as of December 31, 2019:

Subsidiary	Principal Activity	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	SPV	March 31, 2015	99.5%*	Romania
F.R.A.N. Energy Investment SRL	SPV	March 31, 2015	99.5%*	Romania
AE Europe B.V.	Holding Company	August 2016	100%	Netherlands
PC-Italia-01 S.R.L.	Sub-Holding	June 2015	100% (via PCE)	Italy
PC-Italia-02 S.p.A.	SPV	August 2016	100% (via PCE)	Italy
Sant'Angelo Energia S.r.l.	SPV	March 30, 2017	100% (via PC_Italia_02)	Italy
PCG_HoldCo GmbH	Holding Company	July 6, 2018	100%	Germany
PCG_GP UG	General Partner (Management Company)	August 30, 2018	100%	Germany
PSM 20 UG	SPV	November 14, 2018	100% (via PCG_HoldCo)	Germany
PSM 40 UG	SPV	December 28, 2018	100% (via PCG_HoldCo)	Germany
GRK 17.2 GmbH & Co KG	SPV	November 17, 2018	100% (via PCG_HoldCo)	Germany
GRT 1.1 GmbH & Co KG	SPV	December 21, 2018	100% (via PCG_HoldCo)	Germany
ALTN HoldCo UG	SPV	December 14, 2018	100% (via PCG_HoldCo)	Germany
Alternus Energy International Ltd.	European Operational Centre	March 1, 2019	100%	Ireland
CIC Rooftop 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CIC RT Treviso S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
SPV White One S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
CTS Power 2 S.r.l.	SPV	April 23, 2019	100% (via PC-Italia-02)	Italy
AEN 01 B.V.	SPV	June 13, 2019	100%	Netherlands
Zonnepark Rilland B.V.	SPV	December 20, 2019	100%	Netherlands

*Summary:*

\*Non-controlling interest is not material

## **2. Going Concern**

Our consolidated financial statements for the year ended December 31, 2019 identifies the existence of certain conditions that raise substantial doubt about our ability to continue as a going concern for twelve months from the issuance of this Annual Report on Form 10-K.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements during the year ended December 31, 2019, the Company had net loss of (\$3,028,918) and a net loss of (\$1,852,712) for the year ended December 31, 2019 and 2018, respectively. The Company had accumulated shareholders' equity of \$3,878,161 and \$5,034,364 as of December 31, 2019 and December 31, 2018, respectively, and a working capital deficit of \$23,772,002 and \$14,114,724 as of December 31, 2019 and December 31, 2018, respectively. At December 31, 2019, the Company had \$1,076,995 of cash on hand.

Our operating revenues are insufficient to fund our operations and our assets already are pledged to secure our indebtedness to various third party secured creditor, respectively. The unavailability of additional financing could require us to delay, scale back or terminate our acquisition efforts as well as our own business activities, which would have a material adverse effect on the Company and its viability and prospects.

The terms of our indebtedness, including the covenants and the dates on which principal and interest payments on our indebtedness are due, increases the risk that we will be unable to continue as a going concern. To continue as a going concern over the next twelve months, we must make payments on our debt as they come due and comply with the covenants in the agreements governing our indebtedness or, if we fail to do so, to (i) negotiate and obtain waivers of or forbearances with respect to any defaults that occur with respect to our indebtedness, (ii) amend, replace, refinance or restructure any or all of the agreements governing our indebtedness, and/or (iii) otherwise secure additional capital. However, we cannot provide any assurances that we will be successful in accomplishing any of these plans.

The recent outbreak of the corona virus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the corona virus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the corona virus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

## **3. Summary of Significant Accounting Policies**

### **Basis of Presentation**

The consolidated financial statements include the consolidated balance sheet, statements of operations and comprehensive loss, changes in shareholders' equity and cash flows of the Company and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) from records maintained by the Company.

### **Basis of consolidation**

The consolidated financial statements as of December 31, 2019 and December 31, 2018 and for the years then ended include the accounts of the Company and the aforementioned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired or disposed of during the respective periods are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

### **Use of estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the periods presented. The most significant estimates with regard to these statements relate to the assumptions utilized in the valuation of the assets acquired, calculation of stock and warrant compensation expense, asset retirement obligations and impairment of long-lived assets. Actual results could differ from these estimates.

### **Cash and Cash Equivalents**

The Company considers cash, demand deposits and highly liquid investments with maturities of less than three months when purchased to be cash and cash equivalents. The Company maintains cash and cash equivalents with major financial institutions, which may at times exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes the risk of loss to be remote.

#### **Accounts Receivable**

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within that period. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management establishes an allowance for doubtful customer accounts through a review of historical losses, specific customer balances, and industry economic conditions. Customer accounts are charged off against the allowance for doubtful accounts when management determines that the likelihood of eventual collection is remote. The Company extends credit based on an evaluation of customers' financial conditions and determines any additional collateral requirements. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company considers invoices past due when they are outstanding longer than the stated term. Additionally, the Company monitors its exposure for credit losses and maintains allowances for anticipated losses. At December 31, 2019 and 2018, management determined that an allowance for doubtful accounts was not material.

#### **Energy Property and Equipment**

Acquired energy property and equipment is recognized at fair value at the date of acquisition, less depreciation. Energy property constructed by the Company is recognized at its cost, less depreciation. The Company provides for depreciation utilizing the straight-line method by charges to operations over the estimated useful lives of the solar energy facilities, which is twenty years. Expenditures during the construction of new solar energy facilities are capitalized to development in progress as incurred until achievement of the commercial operation date (COD). Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement, sale or other disposition of equipment, the cost and accumulated depreciation are removed from the accounts and the related gain or loss, if any, is reflected in the year of disposal. When the Company abandons the anticipated construction of a new solar energy facility during the development phase, costs previously capitalized to development in progress are written off.

#### **Goodwill and Indefinite-Lived Intangible Assets**

The Company has goodwill and certain indefinite-lived intangible assets that have been recorded in connection with the acquisition of a business. Goodwill and indefinite-lived assets are not amortized, but instead are tested for impairment at least annually. Goodwill represents the excess of the purchase price of an acquired business over the estimated fair value of the underlying net tangible and intangible assets acquired. For purposes of the goodwill impairment test, the Company has determined that it currently operates as a single reporting unit. If it is determined that an impairment has occurred, the Company adjusts the carrying value accordingly, and charges the impairment as an operating expense in the period the determination is made. Although the Company believes goodwill is appropriately stated in the consolidated financial statements, changes in strategy or market conditions could significantly impact these judgments and require an adjustment to the recorded balance.

#### **Intangible Assets**

Intangible assets consist of long-term operating contracts acquired through the acquisition of solar energy facilities. Intangible assets are initially recognized at their fair value and are amortized over the term of the related Power Purchase Agreement (PPAs) using the straight-line method. For solar energy facilities that are purchased and then put into construction, intangible assets are recorded at cost, and are amortized over the term of the related PPAs using the straight-line method.

#### **Impairment of Long-Lived Assets**

The Company reviews its investment in energy property and PPAs for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When evaluating impairment, if the undiscounted cash flows estimated to be generated by the energy property are less than its carrying amount, the differential carrying amount is determined to be not recoverable. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

#### **Asset Retirement Obligation**

In connection with the acquisition or development of solar energy facilities, the Company may have the legal requirement to remove long-lived assets constructed on leased property and to restore the leased property to its condition prior to the construction of the long-lived assets. This legal requirement is referred to as an asset retirement obligation (ARO). If the Company determines that an ARO is required for a specific solar energy facility, the Company records the present value of the estimated future liability when the solar energy facility is placed in service. AROs recorded for owned facilities are recorded by increasing the carrying value of investment in energy property and depreciated over the solar energy facility's useful life, while an ARO recorded for a leasing arrangement is accounted for as a liability in the initial period recognized and amortized over the term of the solar energy facility's useful life. After initial recognition of the liability, the Company accretes the ARO to its future value over the solar energy facility's useful life. As of December 31, 2019 and 2018, the Company's asset retirement obligations were not material.

#### Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and has since issued amendments thereto (collectively referred to as “ASC 606”). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and the guidance defines a five-step process to achieve this core principle. ASC 606 also mandates additional disclosure about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Company modified retrospective adopted ASC 606 as of January 1, 2019. Results for the reporting periods beginning after January 1, 2019 are presented under ASC 606, while prior period results are not adjusted and continue to be reported in accordance with its historic accounting under ASC Topic 605. The Company determined that the new standard did not have any material impact on revenue recognition and measurement in its consolidated financial statements.

The Company derives revenues through its subsidiaries from the sale of electricity and the sale of solar renewable energy credits. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity is generated by the solar energy facility and delivered to the grid at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth in long-term contracts.

#### *Disaggregated Revenues*

The following table shows the Company’s revenues disaggregated by pricing plans offered to customers:

<b>Net Revenue, by Offtake Type</b>	<b>2019</b>	<b>2018</b>
Feed in Tariff	\$ 1,653,186	\$ 829,794
Green Certificates	631,740	789,740
Energy Offtake Agreements	300,642	973,430
<b>Total</b>	<b>\$ 2,585,568</b>	<b>\$ 2,592,964</b>

During the year ended December 31, 2019, two customers represented 56% and 30% of revenues and 37% and 9% of accounts receivable balance. During the year ended December 31, 2018, one same customer and one different customer represented 32% and 21% of revenues.

#### **Unbilled Energy Incentives Earned**

The Company derives revenues from the sale of green certificates for the Romania projects. The green certificates revenues are recognized in the month they are generated by the solar project and registered with the local authority. The Company considers them unbilled at the end of the period if they have not been invoiced to a third party customer.

#### **Taxes Recoverable**

The Company records taxes recoverable, when there has been an overpayment of taxes due to timing of the Value Added Tax (VAT) between vendors and customers. The VAT tax can also be offset against a Country’s income taxes where the VAT was registered.

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**Risks and Uncertainties**

The Company's operations are subject to significant risk and uncertainties including financial, operational, technological, and regulatory risks including the potential risk of business failure. Also see Note 2 regarding going concern matters.

**Fair Value of Financial Instruments**

The Company measures its financial instruments at fair value under GAAP establishes a framework for measuring fair value and disclosures about fair value measurements.

To increase consistency and comparability in fair value measurements and related disclosures, GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company has level 3 assets and liabilities consisting of asset retirement obligations and warrant liabilities. The asset retirement obligations are not material.

As of April 15, 2019 the exercise price of the warrants previously issued in conjunction with the Inmost note became fixed at a price of \$0.122 and the derivative liability of \$471,837 was reclassified to equity. During the year ended December 31, 2019, the Company recorded a change in fair value of \$132,976.

	December 31, 2019	December 31, 2018
Balance - beginning of the year	338,861	-
Derivative liability	338,861	-
Change in fair value of derivative liability	132,976	-
Reclassification of derivative liability	(471,837)	-
Balance - end of year	<u><u>-</u></u>	<u><u>338,861</u></u>

We valued the derivative using the Black Scholes method. We calculated the stock price as of the date of revaluation, with a remaining term of the warrants of 2.5 years. The volatility was calculated at 3.3 using the historical stock price and share volume of the company. We used 2.94% as the risk free rate, based on the Treasury rates for the similar period. The warrants were valued using the floor price of \$0.122 with a valuation date of April 15, 2019.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. The carrying amount of the Company's financial assets and liabilities, such as cash, accounts payable, approximate their fair value because of the short maturity of those instruments.

#### **Income Taxes**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

As of December 31, 2019 and 2018, the Company has U.S. federal and state net operating loss carryovers of approximately \$4,667,136 and \$1,727,412 respectively, which will expire at various dates beginning in 2034 through 2037, if not utilized with exception of loss carryovers generated in 2018 and 2019. As a result of Tax Cuts and Jobs Act, net operating losses generated in 2018 and beyond have indefinite lives, but limited to 80% of taxable income in each year. Additionally, as of December 31, 2019 and 2018, the Company has U.S. federal capital loss carryovers of approximately \$949,875 and \$949,875 respectively, which will expire at various dates beginning in 2020 through 2022, if not utilized against capital gain income. In accordance with Section 382 of the internal revenue code, deductibility of the Company's U.S. net operating loss carryovers may be subject to an annual limitation in the event of a change of control as defined under the Section 382 regulations. Quarterly ownership changes for the past 3 years were analyzed and it was determined that there was no change of control as of December 31, 2019.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the years ended December 31, 2019 and 2018, the change in valuation allowance was \$926,792 and \$960,552, respectively. As of December 31, 2019 and 2018, the valuation allowance was \$1,887,344 and \$960,552, respectively.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in their financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the company has taken or expects to take in its return. For those benefits to be recognized, a tax position must be more-likely-than- not to be sustained upon examination by taxing authorities. Differences between two positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing-authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

Penalties and interest assessed by income tax authorities would be included in income tax expense. For the period ended December 31, 2019 and 2018, the Company did not incur any penalties or interest. As of December 31, 2018, the Company accrued \$180,000 related to noncompliance of administrative filing for their foreign entities for the periods 2012 – 2017.

#### **Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC 718. Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period.

#### **Net loss per common share**

Net loss per common share is computed pursuant to section 260 of the FASB Accounting Standards Codification. Basic net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period to reflect the potential dilution that could occur from common shares issuable through contingent shares issuance arrangement, stock options or warrants. As of December 31, 2019, the Company had 5,000,000 shares of Series E Convertible Preferred Stock which convert into 50,000,000 shares of common stock, 13,053,235 of warrants, and 8,828,233 of convertible shares associated with debt issuance for a total of 71,881,468 shares of Class A common stock. As of December 31, 2018, the Company had 12,286,213 of warrants, and 4,360,105 of convertible shares associated with debt issuance for a total of 16,646,318 shares of Class A common stock. These shares were not included because they were anti-dilutive.

**Foreign Currency and Other Comprehensive Loss**

The functional currency of our foreign subsidiaries is typically the applicable local currency which is Romania Lei, Japanese Yen or European Union Euros. The translation from the respective foreign currency to United States Dollars (U.S. Dollar) is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income statement accounts using an average exchange rate during the period. Gains or losses resulting from such translation are included as a separate component of accumulated other comprehensive income. Gains or losses resulting from foreign currency transactions are included in foreign currency income or loss except for the effect of exchange rates on long-term inter-company transactions considered to be a long-term investment, which are accumulated and credited or charged to other comprehensive income.

Transaction gains and losses are recognized in our results of operations based on the difference between the foreign exchange rates on the transaction date and on the reporting date. The Company had a immaterial net foreign exchange loss for the period ended December 31, 2019 and 2018, respectively. The foreign currency exchange gains and losses are included as a component of general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive (Loss). For the period ended December 31, 2019 and 2018, the increase (decrease) in accumulated comprehensive gain (loss) was (\$382,190) and (\$466,299), respectively.

**Preferred Stock**

We apply the accounting standards for distinguishing liabilities from equity under U.S. GAAP when determining the classification and measurement of our convertible preferred stock. Preferred Stock subject to mandatory redemption is classified as liability instruments and is measured at fair value. Conditionally redeemable Preferred Stock (including preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, preferred stock is classified as permanent equity.

As of December 31, 2019, the Company had 5,000,000 shares of Series E Convertible Preferred Stock issued and outstanding which convert into 50,000,000 shares of common stock. The Series E Convertible Preferred, with respect to dividends, rank pari passu with the Common Stock, and with respect to distributions upon liquidation, dissolution or winding up of the Company, rank senior to the Common Stock and junior to any other series of Preferred Stock.

**Subsequent Events**

The Company follows the guidance in Section 855 of the FASB Accounting Standards Codification for the disclosure of subsequent events. The Company will evaluate subsequent events through the date when the financial statements were issued. Pursuant to ASU 2010-09 of the FASB Accounting Standards Codification, the Company considers its financial statements issued when they are widely distributed to users, such as through filing them with OTC Markets. No subsequent events required disclosure except for those in Note 11.

**Recent Accounting Standards Adopted**

On January 1, 2019, the Company adopted ASU 2016-18. The adoption had an impact on the Company's beginning of the period and end of the period cash and cash equivalents balance in its statement of cash flows. Restricted cash at the end of December 31, 2019 was related to debt service reserve and maintenance reserves required by third party senior lender. The restricted cash at the end of December 31, 2108 related to future acquisition of Italian parks that was completed in 2019. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheet that equals the total of the same amounts reported in the consolidated statement of cash flows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 1,076,995	\$ 1,026,533
Restricted cash	349,434	8,857,966
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 1,426,429</b>	<b>\$ 9,884,499</b>

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In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The guidance in this ASU expands the scope of ASC Topic 718 to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. This amendment is effective for annual and interim on January 1<sup>st</sup>, 2019. The ASU No. 2018-07 adoption did not have a material impact on its financial position, results of operations or financial statement disclosure.

### **Recent Accounting Standards Not Adopted**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either operating or financing, with such classifications affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. ASU 2016-02 was recently delayed for emerging growth companies that elected to adopt new accounting standards on the adoption date required for private companies and will be effective for the Company's annual reporting period in 2022 and interim periods beginning first quarter of 2023. The Company is evaluating the impact ASU 2016-02 will have on its financial statements and associated disclosures.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit losses (Topic 326). This new guidance will change how entities account for credit impairment for trade and other receivables, as well as for certain financial assets and other instruments. The update will replace the current incurred loss model with an expected loss model. Under the incurred loss model, a loss (or allowance) is recognized only when an event has occurred (such as a payment delinquency) that causes the entity to believe that a loss is probable (that is has been "incurred"). Under the expected loss model, a loss (or allowance) is recognized upon initial recognitions of the asset that reflects all future events that leads to a loss being realized, regardless of whether it is probable that the future event will occur. The incurred loss model considers past events and conditions, while the expected loss model includes expectations for the future which have yet to occur. ASU 2018-19 was issued in November 2018 and excludes operating leases from the new guidance. The standard will require entities to record a cumulative-effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. As an Emerging Growth Company, the standard is effective for the Company's 2022 annual reporting period and interim periods beginning first quarter of 2023. The Company is evaluating the impact of ASU 2016-13 will have on its financial statements and associated disclosures.

On December 18, 2019, the FASB issued Accounting Standards Update 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (the ASU), as part as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. The FASB's amendments primarily impact ASC 740, Income Taxes, and may impact both interim and annual reporting periods. The Company is currently evaluating the effect that the adoption of ASU 2019-12 will have on its consolidated financial statement. The guidance is effective January 1, 2021 with early adoption permitted.

### **4. Acquisitions and dispositions**

#### *2019 Acquisition of Zonepark Rilland*

On December 20, 2019, AEN 01 BV ("Buyer"), a Netherlands company and a wholly-owned subsidiary of Altermus Energy Inc. ("ALTN"), completed the acquisition of an 11.75 MW ground-mounted solar photovoltaic (PV) power plant in Rilland, the Netherlands (the "Project") from Coöperatie Unisun Energy U.A., a Netherlands corporation ("Seller") for \$11.7 million plus a working capital adjustment ("Purchase Price"). The Purchase Price includes the assumption of a third-party senior bank debt facility in the amount \$8.3 million, that amortizes equally over the next 14 years. We also acquired the various offtake and operations contracts for the solar plant. In addition to the Purchase Price, the Seller will be entitled to receive additional consideration from ALTN of up to a maximum \$560,000 in the form of an earn-out payment based on net cash proceeds to equity received over and above a set annual power output of 10,865 Mwh. (See Note 7 for details on the debt associated with the acquisition).

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The Project has been operational since January 2019 and enjoys a 15-year government counterparty ‘Feed-in-Tariff’ (“FiT”) contract at fixed sales prices, in addition to a Power Purchase Agreement (“PPA”) with a local energy operator. The combined contracts provide long-term predictable positive cash flows to Alternus. Based on current energy production Rilland is expected to add approximately \$1.3 million in annual revenues for at least 15 years at average 75% gross margins to Alternus.

The Buyer funded \$2.1 million of the Purchase Price through the issuance of a \$2.4 million issued to an accredited investor, bearing interest at 8%, amortizing over 8 years and secured by collateral, including the shares of the Buyer. ALTN incurred approximately \$0.6 million in transaction fees related to the acquisition, some of which were paid from the proceeds of the Bond Subscription Agreement.

Additionally, the Seller issued a \$1.9 million loan to ALTN which is due by January 31, 2020 (the “Loan”), pursuant to a Loan Agreement by and among the Seller, the Buyer and ALTN. If ALTN does not repay the Loan by February 1, 2020, the investor has the right under the Call Option Agreement to require ALTN to sell the shares of Buyer to the investor in exchange for the total amount of the Loan (See note 12-subsequent events).

<b>Cost of Acquisition</b>	
Acquisition price	\$ 11,651,997
Net working capital acquired	419,011
<b>Total Acquisition Cost</b>	<b>12,071,008</b>
<b>Fair Value of Assets Acquired</b>	
Present value of the future cash flows	9,853,884
Net working capital acquired	419,011
	<b>10,272,895</b>
<b>Goodwill</b>	<b>\$ 1,798,113</b>

### 2019 Acquisition of Risen Energy SPV

In April 2019, PC-Italia-02 S.R.L., a wholly owned subsidiary of Alternus Energy Inc.’s (the “Company”) Netherlands’ subsidiary, completed the acquisition of 100% of the share capital of 4 out of 5 SPVs (Special Purpose Vehicles) the Company planned to purchase under a definitive sale and purchase agreement signed with Risen Energy PV Holding Italy GmbH and Risen Energy (HongKong) Co., Limited. The total acquisition consisted of 7 operating photovoltaic plants located in Italy having a total installed capacity of 5.1 MWs in exchange for approximately \$8.1M cash, less \$1.5M held back for the acquisition of the 5<sup>th</sup> SPV, and less \$0.4M held in escrow for 2 months from closing against certain tax open items and as a hold back for any unexpected items not found in due diligence. The purchase was treated as business combination, as defined by ASC 805, *Business Combinations*.

The fair value of the purchase consideration issued to the sellers of the project was allocated to the net assets acquired. The Company accounted for the acquisition as the purchase of a business under U.S. GAAP under the acquisition method of accounting, and the assets and liabilities acquired were recorded as of the acquisition date at their respective fair values and consolidated with those of the Company. The fair value of the net assets acquired was approximately \$9.9 million. The excess of the aggregate fair value of the net tangible assets has been treated as a gain on bargain purchase in accordance with ASC 805. The purchase price allocation was based, in part, on management’s knowledge of the project and the results of a fair value assessment that the Company performed.

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The Company then undertook a review to determine what factors might contribute to a bargain purchase and if it was reasonable for a bargain purchase to occur. The main reason for the bargain purchase price was a motivated seller who was looking to exit the business. The seller is manufacture of product for the solar industry and not an operator. Part of their strategy to increase product sales is to develop and construct solar projects. The seller is not a long-term operator like Alternus, so their strategy is to not keep operating assets on their books for the long-term. Also, because of the small size of the operating assets we purchased and the fact that they were spread out across Italy made it more difficult for Risen to manage the assets since they are not an operator. This led to their willingness to sell the assets at a market discount. Subsequent to the acquisition of Risen facility, Alternus Energy signed a letter of intent with Risen to purchase an additional 10MWs of similar solar Projects at a price of 18.5M (euros). The price per MW was 1.85M (Euros) for an uninstalled asset as compared to the 1.35M (euros) they sold the operating asset for. This further supports that the Company position that Risen was a motivated seller and did not want to be an operator. Further, at the time of sale, Alternus has no side agreement or other commitment to purchase any assets from Risen.

	<b>Total</b>
<b>Cost of acquisitions</b>	
Cash paid for assets	\$ 6,131,004
<b>Total acquisition cost</b>	<b>\$ 6,131,004</b>
<b>Fair value of assets acquired</b>	
Investment in energy property	9,939,414
Net working capital acquired	384,397
Asset retirement liability	(65,114)
	<b>\$ 10,258,697</b>
<b>Gain on bargain purchase</b>	<b>\$ 4,127,693</b>

2018 Acquisition of PSM 20 GmbH & Co KG:

On June 7, 2018, ALTN entered into a Purchase and Transfer Agreement, to acquire PSM 20 GmbH & Co KG (“PSM”),\$115 in cash paid and the deposit of approximately \$1.3M in cash deposited into an escrow account pursuant to an Escrow Agreement by and among the Company, as part of the above transaction, the Seller is constructing 7 photovoltaic installations with a total of 3,084 KW of power.

2018 Acquisition of GRK 17.2 GmbH & Co KG:

On November 20, 2018, Alternate Energy’s wholly owned German subsidiary, PCG\_HoldCo UG (“PCG”) entered into a Purchase and Transfer Agreement (pursuant to which PCG purchased one hundred percent (100%) of GRK 17.2’s entire share capital in exchange for \$115 in cash paid at Closing and the deposit of approximately \$419,408 in cash deposited into GRK 17.2. As part of the above transaction, the Seller is constructing 7 photovoltaic installations in Germany with a total of 2,521KW of power.

2018 Acquisition of PSM 40 GmbH & Co KG:

On or about December 28, 2018, Alternate Energy’s wholly owned German subsidiary, PCG\_HoldCo UG (“PCG”) entered into a Purchase and Transfer Agreement pursuant to which PCG purchased 100% of the share capital of PSM 40 in exchange for i) \$115.00 in cash paid at Closing and ii) \$570,000 in cash, a portion of which, \$427,500, was immediately paid and the remaining \$142,500 will be disbursed when certain conditions being met related to Grid Connection. As part of the above transaction, the Seller is constructing 6 photovoltaic installations in Germany with a total of 2,645kW of power.

2018 Acquisition of GRT 1.1 GmbH:

On or about December 21, 2018 , PCG\_HoldCo UG (“PCG”), a wholly owned German subsidiary of ALTN entered into a Share Purchase and Assignment Agreement for the purchase of 100% of the share capital of GRT 1.1 GmbH (“GRT 1.1”) in exchange for i) \$26,434 in cash paid at Closing, ii) the repayment of a third party cash advance in the amount of \$160,845, iii) full settlement of third party liabilities in the amount of \$43,046, and iv) the assumption of a senior bank loan in the amount of \$876,005. As part of the above transaction, the Seller is constructing 5 photovoltaic installations in Germany with a total of 2,100 KW of power.

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2018 Acquisition of Liquid Sun S.R.L.

On December 18, 2018, PC\_Italia\_02 S.R.L., a wholly owned subsidiary of Power Clouds Europe BV (“PC Europe”), ALTN’s Netherlands’ subsidiary, closed the acquisition of certain assets, agreements and liabilities of Liquid Sun Srl, an Italian company, related to three photovoltaic installations located on three power plants with a total of 2,244.37 KW of power located in the Budrio and Anagni regions of Italy in exchange for approximately \$4.3M, plus working capital, and transaction costs, commissions and required Italian taxes.

The fair value of the purchase consideration issued to the sellers of the project was allocated to the net assets acquired. The Company accounted for the acquisition as the purchase of a business under U.S. GAAP under the acquisition method of accounting, and the assets and liabilities acquired were recorded as of the acquisition date at their respective fair values and consolidated with those of the Company. The fair value of the net assets acquired was approximately \$5.8 million. The excess of the aggregate fair value of the net tangible assets has been treated as a gain on bargain purchase in accordance with ASC 805. The purchase price allocation was based, in part, on management’s knowledge of the project and the results of a fair value assessment that the Company performed.

The Company then undertook a review to determine what factors might contribute to a bargain purchase and if it was reasonable for a bargain purchase to occur. The main reason for the bargain purchase price was a motivated seller who was looking to exit the business. The seller is a supplier to the solar industry and their strategy is to not keep assets on their books for the long-term.

<b>Acquisition Cost</b>	
Cash paid for assets	\$ 4,177,206
Taxes paid at closing	131,394
<b>Total acquisition cost</b>	<b>\$ 4,308,600</b>
<b>Fair value of assets acquired</b>	
NPV of discounted cash flow	5,790,731
Net working capital acquired	148,685
Less asset retirement obligation	(57,013)
<b>Net fair value of assets acquired</b>	<b>\$ 5,882,403</b>
<b>Gain on bargain purchase</b>	<b>\$ 1,573,803</b>

2018 Disposition of Tre Valli Energia S.R.L.

On September 30, 2018, PC Italia 01 S.R.L. sold 100% of the share capital of Tre Valli Energia S.R.L. The net aggregate consideration received in exchange for the sale was \$3,760,155.

Proceeds from sale	\$ 3,760,155
Net carrying cost of asset at time of sale	(4,688,212)
Net working capital adjustment	246,636
<b>Loss on sale of asset and related operating companies</b>	<b>\$ (681,421)</b>

Proforma Results

The following presents the twelve months unaudited proforma combined results of operations as if the entities were combined on January 1, 2018:

	<b>2019</b>	<b>2018</b>
Revenues, net	\$ 4,347,671	\$ 4,011,556
Net (loss)	\$ (6,544,295)	\$ (3,208,498)
Net (loss) per share	\$ (0.07)	\$ (0.04)
Basic weighted average number of shares outstanding	97,969,579	71,600,361

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**5. Investment in Energy Property and Equipment, Net**

As of December 31, 2019, the Company had \$33,459,478 of net investment in energy property, as outlined in the table below.

	December 31, 2019	December 31, 2018
Solar energy facilities operating	\$ 36,123,412	\$ 16,278,252
Less accumulated depreciation and amortization	(2,663,934)	(1,538,485)
<b>Net Assets</b>	<b>\$ 33,459,478</b>	<b>\$ 14,739,767</b>

The estimated useful life remaining on the investment in energy property and intangible asset is between 14 and 20 years.

Depreciation and amortization expense for the nine months ended December 31, 2019 and 2018, was \$1,193,107 and \$699,573, respectively.

The Company leases various equipment under capital leases. Assets held under capital leases are included in property and equipment as follows:

	December 31, 2019	December 31, 2018
Capitalized costs relating to PV plants	\$ 2,311,255	\$ 2,358,588
Less accumulated amortization	(321,821)	(208,989)
<b>Net Assets</b>	<b>\$ 1,989,434</b>	<b>\$ 2,149,599</b>

**6. Capital Leases**

We have acquired equipment through a capital lease obligations for the Sant'Angelo park in Italy. As of December 31, 2019, there was \$1,011,734 remaining on the lease of which \$87,785, net of interest, was the short-term portion. The lease commenced in 2011, has a term of 18 years and will expire in September 2029. Interest is calculated on the outstanding principal based on EURIBOR 3 months (EUR3M) plus an agreed margin for the lender. The average interest rate based on previous years is approximately 4.5% per annum. This interest amount may vary due to future changes in EUR3M index.

Capital lease future minimum payments for each of the next five years and thereafter is as follows:

2020	140,009
2021	140,009
2022	140,009
2023	140,009
2024	140,009
Thereafter	606,704
	1,306,749
Less Interest Expense	(295,015)
	<b>\$ 1,011,734</b>

## 7. Convertible and Unconvertible Promissory Notes

The following table reflects the total debt balances of the Company as of December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018
Short term line of credit	\$ 35,120	\$ 73,560
Promissory notes related parties	48,821	207,753
Convertible notes related parties	291,540	284,000
Senior secured debt	19,575,794	10,192,603
Promissory notes	15,478,536	13,278,803
Convertible promissory notes	2,169,401	1,097,289
Gross debt	37,599,212	25,134,007
Debt discount	(784,130)	(303,563)
Net debt	36,815,082	24,830,444
Less current maturities	(22,705,665)	(14,510,204)
Long Term Debt, net of current maturities	<b>\$ 14,109,418</b>	<b>\$ 10,320,240</b>
<b>2020</b>		
Gross debt	<b>\$ 23,129,751</b>	\$ 1,102,888
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 22,705,667</b>	<b>\$ 742,842</b>
<b>2021</b>		
Gross debt	<b>\$ 1,108,229</b>	\$ 1,113,219
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 1,108,229</b>	<b>\$ 1,113,219</b>
<b>2022</b>		
Gross debt	<b>\$ 1,113,219</b>	\$ 1,118,312
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 1,113,219</b>	<b>\$ 1,118,312</b>
<b>2023</b>		
Gross debt	<b>\$ 1,118,312</b>	\$ 1,118,312
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 1,118,312</b>	<b>\$ 1,118,312</b>
<b>2024</b>		
Gross debt	<b>\$ 1,118,312</b>	\$ 1,118,312
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 1,118,312</b>	<b>\$ 1,118,312</b>
<b>Thereafter</b>		
Gross debt	<b>\$ 10,026,813</b>	\$ 10,026,813
Debt discount	(424,084)	(360,046)
Net debt	<b>\$ 10,026,813</b>	<b>\$ 10,026,813</b>
<b>Total</b>		
Gross debt	<b>\$ 37,599,212</b>	\$ 37,599,212
Debt discount	(784,130)	(784,130)
Net debt	<b>\$ 36,815,082</b>	<b>\$ 36,815,082</b>

### Line of Credit:

In 2016, Power Clouds S.R.L entered into a 300,000 RON (\$77,000) line of credit with OTP Bank. The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit. The initial term is twelve months which was renewed by agreement of both parties. Drawn funds accrue interest annually at a rate of ROBOR 3M + 3.3%, which was 6.64% as of December 31, 2019 and 6.6% as of December 31, 2018. The Company had used \$35,120 and \$73,560 of the facility as of December 31, 2019 and 2018.

### Related Party Promissory Notes:

As of December 31, 2019 and 2018, there was an advance from PCH of \$48,821 and \$207,753 which is short term in nature and non-interest bearing.

### Related Party Convertible Notes:

In February of 2019, the terms under which all cash previously loaned by VestCo Corp., a company owned and controlled by, the Company's CEO, to the Company to date has been amended and restated, pursuant to which the Corporation executed a Securities Purchase Agreement with VestCo Corp. and issued to VestCo Corp. i) a convertible promissory note with a 15% OID, and therefore having a Principal Amount of \$291,540, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share, and ii) a warrant to purchase up to 619,522 shares of the Corporation's Class A common stock, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term. As at December 31, 2018, \$284,000 was past due under loan notes issued to the CEO, VestCo Corp, and therefore classified as current.

### Senior secured debt:

In 2016, the Company guaranteed a 6.5 million RON (equivalent to approximately US\$1,592,500) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.3% and having a term of 60 months. The Company had principal outstanding of \$423,783 and \$698,820 as of December 31, 2019 and 2018. The net book value of the collateralized asset was \$2,766,577 and \$3,055,976 as of December 31, 2019 and 2018.

In October of 2018, in order to complete additional solar park acquisitions in Germany, the Company entered into the following agreements with a third party accredited investor (the "Lender"), in connection with the Company's German subsidiary, PCG\_HoldCo UG (PCG) with an interest rate of 12% and a term of 2 years. The Company had principal outstanding of \$3,585,366 and \$3,644,585 as of December 31, 2019 and 2018.

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In December of 2018, PSM 20 GmbH & Co KG entered into a senior secured loan with Sparkasse Bank in Germany. This relates to the acquisition of 7 photovoltaic installations as part of the PSM 20 GmbH & Co KG acquisition with an interest rate of 2.10% and a term of 18 years. The Company had principal outstanding of \$2,251,298 and \$2,587,081 as of December 31, 2019 and 2018. The net book value of the collateralized asset was \$2,775,033 and \$2,763,652 as of December 31, 2019 and 2018.

In April of 2018, PSM 40 GmbH & Co KG entered into a senior secured loan with GLS Bank in Germany. This relates to the acquisition of 6 photovoltaic installations as part of the PSM 40 GmbH & Co KG acquisition with an interest rate of 2.0% and a term of 18 years. The Company had principal outstanding of \$2,515,866 and \$2,529,212 as of December 31, 2019 and 2018. The net book value of the collateralized asset was \$3,069,655 and \$3,191,370 as of December 31, 2019 and 2018.

In October of 2018, GRT 1.1 GmbH entered into a senior secured loan with MVB Bank in Germany. This relates to the acquisition of 1 photovoltaic installations as part of the GRT GmbH acquisition, with an interest rate of 2.05% and a term of 19 years. The Company had principal outstanding of \$671,446 and \$718,683 as of December 31, 2019 and 2018. The net book value of the collateralized asset was \$820,857 and \$881,724 as of December 31, 2019 and 2018.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we assumed a third-party senior bank debt facility in the amount of approximately \$7.7 million, with an interest rate of 1.7% and a term of 14 years. The Company had principal outstanding of \$7,366,816 as of December 31, 2019, which was net of the required debt service reserve fund and maintenance reserve fund. The net book value of the collateralized asset was \$9,958,300 as of December 31, 2019.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV we entered into a \$2.4 million bond offering issued by an accredited investor, bearing interest at 8%, amortizing over 8 years. The Company had principal outstanding of \$2,411,167 as of December 31, 2019.

Promissory Notes:

In December of 2018, in order to complete additional solar park acquisitions in Italy, the Company entered into the following agreements with a third party accredited investor (the “Lender”), in connection with the Company’s German subsidiary, PCG\_HoldCo UG (PCG) issuing a loan note, with an interest rate of 12% and a term of 6 months. The Company had principal outstanding of \$504,667 and \$4,421,147 as of December 31, 2019 and 2018.

In December of 2018, in order to complete additional solar park acquisitions in Italy, the Company entered into the following agreements with a third party accredited investor (the “Lender”), in connection with the Company’s Netherlands subsidiary, Power Clouds Europe B.V. (PCE) issuing a loan note, with an interest rate of 12% and a term of 6 months. The Company had principal outstanding of \$8,857,656 as of December 31, 2018 and the loan was repaid in 2019.

In March of 2019, in order to complete additional solar park acquisitions in Italy, the Company entered into certain loan agreement with a third party accredited investor (the “Lender”), in connection with the Company’s Netherlands subsidiary, AE Europe B.V, with an interest rate of 12% and a term of twelve months. The proceeds of which were used to pay down existing senior secured debt. The Company had principal outstanding of \$3,398,063 as of December 31, 2019.

In June of 2019, the Company entered into certain agreements with a third party accredited investor (the “Lender”), in connection with the Company’s Netherlands subsidiary, AE Europe B.V, with an interest rate of 7.5% until October of 2019 and then 10% thereafter and a term of ten months. The proceeds of which were used to pay down existing senior secured debt. The Company had principal outstanding of \$9,676,069 as of December 31, 2019. The loan maturity date was extended until May 31, 2020.

In December of 2019, as part of the acquisition of Zonnepark Rilland BV, we issued a \$1.9 million loan to the Seller which is due January 31, 2020, with no interest rate. The Company had principal outstanding of \$1,895,137 as of December 31, 2019 (see note 12 subsequent events).

On September 30, 2015, as part of the transaction with World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT, \$492,000 was assigned to various third parties, is not convertible, with interest of 7.5% and a maturity date of December 31, 2020. The Company had principal outstanding of \$509,267 as of December 31, 2019 and December 31, 2018, which was included in convertible promissory notes in the above table.

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Convertible Promissory Notes:

On September 30, 2015, the Company issued a convertible loan note for \$1,000,000 to World Global Assets Pte. Ltd. (WGA), in conjunction with the spin out of WRMT. The note had a three-year term, accrued no interest, and was convertible at a fixed price of \$0.20 per share, subject to certain triggers and restrictions. In 2016 a portion of the convertible loan note of approximately \$300,000 was assigned to various third parties and is now convertible at market price, with a floor price of \$0.20 per share. The Company had principal outstanding of \$244,800 and \$244,800 as of December 31, 2019 and 2018.

In July of 2018, the Company issued a convertible promissory note to a third party foreign investor in exchange for a cash provided to the Company for working capital purposes. The note accrues 15% annual interest and is convertible into shares of restricted common stock at \$0.20 per share, at the noteholder's option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. The Company had principal outstanding of \$304,294 and \$251,666 as of December 31, 2019 and 2018.

In July of 2018, the Company issued a €80,000 convertible promissory note to a third party foreign consultant in exchange for sales commissions owed. The note accrues 15% annual interest and is convertible into shares of restricted common stock at \$0.20 per share, at the noteholder's option, and is repayable on January 30, 2020. As the conversion price was above the market price at the time of at the time of issuance of the note no beneficial costs were recorded. The Company had principal outstanding of \$89,718 and \$91,555 as of December 31, 2019 and 2018.

In February of 2019, the Company entered into a Securities Purchase Agreement with 4 accredited investors (the "Lenders"), in connection with an investment of a total amount of \$300,000, and pursuant to which the Company issued i) a convertible promissory note with a 15% OID, having a two year term, secured behind a third party accredited investor via a US UCC filing on all assets of the Company, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share., and ii) a warrant to purchase shares of the Corporation's Class A common stock equal to 50% of the total number of shares if the Note is fully converted, divided by the Exercise Price of \$0.25, (equal to a total of 750,000 warrants) subject to adjustment as provided therein, exercisable at \$0.25 per share or through its cashless exercise provision and having a 4 year term. The Company recorded a debt discount of \$123,805 related to the warrants issued for both the February 2019, related party note and convertible promissory note. The Company had principal outstanding of \$294,118 as of December 31, 2019.

In May of 2019, the Corporation entered into Securities Purchase Agreements with 4 accredited investors (the "Lenders"), in connection with an investment of up to a total amount of \$150,000, and pursuant to which the Corporation issued a convertible promissory note with a 15% OID, having a two year term, secured behind an accredited investors via a US UCC filing on all assets of the Corporation, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.25 per share, and a warrant to purchase shares of the Corporation's Class A common stock equal to 25% of such Lender's investment divided by the Conversion Price of \$0.25, subject to adjustment as provided therein, exercisable at \$0.30 per share and having a 3 year term. We recorded \$36,000 for the warrant cost allocated to debt discount and \$110,118 for the beneficial conversion cost related to the convertible debt. The Company had principal outstanding of \$176,471 as of December 31, 2019.

In May of 2019, the Corporation entered into a Securities Purchase Agreement with another accredited investor (the "Lender"), in connection with an investment of \$500,000, and pursuant to which the Corporation issued a convertible promissory note accruing 12% interest per annum with bi-annual interest payments, having a two year term, senior in priority to all obligations of the Company other than the Company's obligations to an accredited investor and its affiliated investment funds, or a similar replacement thereto, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.25 per share. The Company had principal outstanding of \$500,000 as of December 31, 2019.

In November of 2019, the Company issued two convertible promissory notes to two accredited investors in the amount of \$280,000 each, convertible at 70% of the lowest trading price of the Company's Common Stock for the last 15 trading days prior to conversion, and accruing 12% interest per annum and each having a \$25,000 original issue discount, with a maturity date of November 21, 2020. As part of the consideration for this investment, the Company issued 145,000 shares of restricted Class A common stock to each of the investors, as well as 725,000 shares of restricted Class A common stock to each investor that shall be returned to the Company provided that the Company repays the Notes in full by May of 2020. The Company had principal outstanding of \$560,000 as of December 31, 2019.

## 8. Commitments and Contingencies

### ***Litigation***

The Company is not currently involved in or aware of any litigation that could result in a loss, other than the following: On February 11, 2020 Unisun obtained leave from the interim relief judge of the Court of Amsterdam for three prejudgment attachments on the shares of 3 subsidiaries of Alternus, to secure an outstanding amount owed pursuant to an outstanding loan of EUR 1,689,864 plus interest and agreed penalties. Unisun also started proceedings on the merits to claim the amounts due under this loan and the penalties. The court proceedings commenced on September 16, 2020 and we have until October 28, 2020 to submit our statement of defense. On March 24, 2020, the Company entered into a securities purchase agreement with Ultramar Energy Ltd., an accredited foreign investor, pursuant to which the Company expected to receive gross proceeds of \$3.0 million, before deducting transaction costs, fees and expenses. On April 7, 2020 the Company entered into a Settlement Agreement with Unisun to resolve and settle these claims. The Company intended to use a portion of the net proceeds from Ultramar Energy to repay this loan to Unisun in the amount of \$2.0 million to resolve and settle the claim. However, as of the date of this filing, the proceeds have not been received from Ultramar Energy Ltd. and there is no guarantee that the Company will ever receive the proceeds; therefore the Settlement Agreement has been terminated.

There is no other action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, litigation claim to the knowledge of the executive officers of the Company or any of its subsidiaries, threatened against or affecting the Company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

### ***Operating Leases***

On March 6, 2019, the Company signed a lease for office space located in Dublin, Ireland, having a term of ten years, with a break option at the end of year five. The estimated payments is \$55,038 per annum, to be paid quarterly. Also the Company paid a six month security deposit in the sum of \$36,820.

As part of the Rilland acquisition, the company acquired a twenty-five year lease. The annual lease payment is \$139,923 for the first fifteen years and \$55,969 for years sixteen through twenty five.

The Company's Romanian operations lease the land for the solar park. The combined estimated annual cost of \$16,331 for 2020 and \$16,283 thereafter. The leases commenced in 2012 and run for 20 years.

	<b>Total Lease Expense</b>
2020	\$ 211,291
2021	211,243
2022	211,243
2023	211,243
2024	211,243
Thereafter	2,309,328
	<b><u>\$ 3,365,591</u></b>

## 9. Shareholder's Equity

### Common Stock Issuances:

For the year ended December 31, 2019, 5,855,000 shares of common stock were issued to consultants for services rendered, 600,876 shares were issued as fees related to third party investment and 16,000,000 shares were issued to officers and directors for continued services and performance. The total value was based on the closing stock price of our common stock on the various dates of issuance, and equal to \$1,513,214.

During the twelve months ended December 31, 2018, the Company issued a total of 9,250,000 shares of restricted Class A common stock in exchange for services rendered. The value was based on the stock price of the various dates of issuance equal to \$516,500.

### Common to Common Class B Stock Exchange

On October 9, 2019 a Stock Exchange Agreement was entered into by and among Company and VestCo Corp. ("VestCo"), a company owned and controlled by Vincent Browne, our Chairman and CEO, whereby VestCo returned 15,000,000 shares of ALTN common stock, which were cancelled and returned to the total authorized but unissued shares of Class A common stock of the Company, in exchange for 15,000,000 shares of Class B Common Stock of the Company. The rights of the holders of Class A Common Stock and Class B Common Stock shall be identical other than voting rights; the holder of each share of Class B Common Stock shall be entitled to five votes for each such share ( see note 12-subsequent events)

### Preferred Stock Issuance:

On August 19, 2019 a Stock Exchange Agreement was entered into by and among Alternus Energy Inc. (the "Company") and its majority shareholder, Growthcap Investments Inc. ("GII") whereby GII returned 50,000,000 shares of ALTN Class A common stock, which were cancelled and returned to the total authorized but unissued shares of common stock of the Company, in exchange for 5,000,000 shares of Series E Convertible Preferred Stock of the Company. The shareholder has the right to convert at his discretion. The Series E Convertible Preferred, with respect to dividends, rank pari passu with the Common Stock, and with respect to distributions upon liquidation, dissolution or winding up of the Company, rank senior to the Common Stock and junior to any other series of Preferred Stock. The fair value attributed to the liquidation preference was not deemed material and was limited to the stated value of the preferred stock.

### Preferred Stock Conversion:

On November 27, 2018 the 30,000,000 shares of Series D Convertible Preferred Stock held by Power Clouds Holdings Pte. Ltd. automatically converted into 30,000,000 shares of restricted Class A common stock due to the increase in total authorized common shares to 450,000,000.

### Stock Incentive Plan:

In June, 2019, the Board of Directors approved the Company's 2019 Stock Incentive Plan (the "2019 Plan"). The 2019 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, stock grants, and stock units (collectively, the "Awards"). Awards may be granted under the 2019 Plan to our employees, directors and consultants (collectively, the "Participants"). The maximum number of shares of common stock available for issuance under the 2019 Plan is 22,500,000 shares. The shares of common stock subject to stock awards granted under the 2019 Plan that expire, are forfeited because of a failure to vest, or otherwise terminate without being exercised in full will return to the 2019 Plan and be available for issuance under the 2019 Plan. As of December 31, 2019 no awards have been granted.

### Warrants:

As of December 31, 2019, warrants to purchase up to 13,053,235 shares of restricted Class A common stock were issued and outstanding. For the year end December 31, 2019, the Company issued 1,257,022 warrants exercisable at \$0.25 per share and having a 4 year term from the date of issuance. The Company also issued 150,000 warrants exercisable at \$.30 per share having a 3 year term from the date of issuance. These warrants related to financing activities and were recorded as a debt discount using the relative fair value method. We valued the debt discount using the Black Shoals method. We calculated the stock price as of the date of revaluation, with a remaining term of the warrants of 3 and 4 years. The volatility was calculated at 3.2 using the historical stock price and share volume of the company. We used 1.9% as the risk free rate, based on the Treasury rates for the similar period.

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During December 31, 2018, warrants to purchase up to 11,646,213 shares of restricted common stock were issued and outstanding. The Company issued 1,687,500 warrants exercisable at \$0.20 per share and having a 5 year term from the date of issuance, which was related to a short term bridge facility and was recorded as a debt discount in the current year. The Company also issued 4,659,328 warrants exercisable at \$.122 and having a 3 year term from the date of issuance, which was related to a short term loan facility and was recorded as a debt discount in the current year. The Company also issued 5,299,385 warrants exercisable at a floor of \$.122 and having a 3 year term from the date of issuance, which was related to two year loan facility. The value of the warrant is based on 80% of the last 10 days trading six months after the warrants were issued, which as of December 31, 2018 was unknown and therefore created the warrant liability. For these warrants, the Company recorded a derivative liability and debt discount of \$338,861. In 2018, the Company recorded amortization expense totaling \$707,603 related to the aforementioned warrants.

	December 31, 2019		December 31, 2018	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Balance - beginning of the year	12,286,213	\$ 0.13	1,240,000	\$ 0.20
Expired during the year	(640,000)	0.20	(600,000)	\$ .20
Granted during the year	1,407,022	0.26	11,646,213	0.13
Balance - end of year	<u>13,053,235</u>	<u>\$ 0.15</u>	<u>12,286,213</u>	<u>\$ 0.13</u>
Exercisable - end of year	<u>13,053,235</u>	<u>\$ 0.15</u>	<u>12,286,213</u>	<u>\$ 0.13</u>

**10. Related Party Transactions**

In October of 2018, the Company entered into a settlement agreement with the CTO and Telenergia Europe S.r.l., (TES) a company controlled by the CTO the Company agreed to pay \$100,000 to TES in settlement of all amounts due and owed to the CTO and TES and the gain on the settlement was not material.

John Thomas, a Director of the Company, is also the owner and managing director of a merchant bank offering advisory services. The Company contracted with the related party in June of 2017 to provide certain consulting services to the Company. The related party was paid \$50,000 and \$10,000 for the years ended 2019 and 2018 respectively. As of June 28, 2019, this agreement was terminated.

**11. Geographical Information**

The Company has one operating segment and the decision-making group is the senior executive management team. The Company manages the segment by country focusing on gross profit by country.

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	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Italy	\$ 1,533,298	\$ 829,794
Romania	932,382	1,763,170
Germany	106,734	-
Netherlands	13,154	-
<b>Total</b>	<b>\$ 2,585,568</b>	<b>\$ 2,592,964</b>
<b>Cost of Revenues</b>		
Italy	\$ 206,149	\$ 132,776
Romania	490,001	1,145,838
Germany	41,947	-
Netherlands	-	-
<b>Total</b>	<b>\$ 738,097</b>	<b>\$ 1,278,614</b>
<b>Gross Profit</b>		
Italy	\$ 1,327,149	\$ 697,018
Romania	442,381	617,332
Germany	64,787	-
Netherlands	13,154	-
<b>Total</b>	<b>\$ 1,847,471</b>	<b>\$ 1,314,350</b>
	<b>December 31,</b>	
<b>Investment In Energy Property and Equipment, Net</b>	<b>2019</b>	<b>2018</b>
Romania	\$ 4,772,109	\$ 5,272,802
Italy	17,067,553	8,048,477
Germany	1,661,516	-
Netherlands	9,958,300	1,418,488
<b>Total</b>	<b>\$ 33,459,478</b>	<b>\$ 14,739,767</b>

**12. Subsequent Events**

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through the date of issuance of these financial statements.

In January 2020, the Company entered into a Securities Purchase Agreement with another accredited investor (the “Lender”), in connection with an investment of \$250,000, and pursuant to which the Company issued a convertible promissory note accruing 12% interest per annum with bi-annual interest payments, having a two year term, senior in priority to all obligations of the Company other than the Company’s obligations to an accredited investor and its affiliated investment funds, or a similar replacement thereto, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at \$0.20 per share.

In January of 2020, ALTN HoldCo UG entered into a construction financing loan of \$3.9 million with MVB Bank in Germany. This relates to the construction of 6 photovoltaic installations in Germany with an interest rate of 6.5% and a term of one year.

In February of 2020, the Corporation entered into a Securities Purchase Agreement with another accredited investor (the “Lender”), in connection with an investment of \$105,000, and pursuant to which the Company issued a promissory note convertible at 65% of the lowest trading price of the Company’s Class A Common Stock for the last 15 trading days prior to conversion, and accruing 10% interest per annum, with a maturity date of February 10, 2021.

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In the first quarter of 2020, the Corporation issued 135,368 shares of Class A common stock as fees related to third party investment, and 33,250 shares of restricted Class A common stock were issued to a consultant for services rendered. The total value was based on the closing stock price of our common stock on the various dates of issuance, and equal to \$29,150.

On March 20, 2020, the Company received a notice of conversion from Growthcap Investments Inc. ("GII") to convert the entirety of its shares of Series E Convertible Preferred Stock, with a stated value of \$0.001 per share, into an aggregate of 50,000,000 shares of the Company's Class A Common Stock (the "Conversion"). On March 20, 2020, the Company effected the Conversion and issued to GII an aggregate of 50,000,000 shares of Class A Common Stock.

On March 24, 2020 the Company and Ultramar Energy Ltd., a foreign institutional accredited investor (the "Investor"), entered into a \$3.0 million securities purchase agreement (the "Securities Purchase Agreement") pursuant to which the Company will sell and issue to the Investor an aggregate of 30,000,000 shares of the Company's Class A Common Stock, par value \$0.001 per share, at a price of \$0.10 per share (the "Private Placement"). Pursuant to the Securities Purchase Agreement, the Company will also issue to the Investor a one-year warrant ("Class A Warrant") to purchase up to 12,000,000 shares of the Class A Common Stock. Class A Warrant will have an exercise price equal to \$0.125, subject to the additional terms of Class A Warrant. As of the date of the filing of this report, the Company has not received the proceeds from the \$3.0 million Private Placement. The Company extended the closing of this Private Placement to April 30, 2020. As of the date of issuance of this report, the Company does not expect that it will ever receive these funds.

On April 7, 2020 the Company entered into a Settlement Agreement with Unisun whereby the Company agreed to pay Unisun \$2,000,000 as full settlement for all the outstanding amounts owed under the loan from Unisun and related to the acquisition of Zonnepark Rilland, other than the potential earn out as described in Note 4. As of the date of the filing of this report, the Company has not made the \$2,000,000 payment to Unisun, due to the non-receipt of the proceeds from the \$3.0 million Private Placement described above and the Settlement Agreement has therefore been terminated. As a result, Unisun started court proceedings to claim the amounts due under its loan and related penalties. The court proceedings commenced on September 16, 2020 and we have until October 28, 2020 to submit our statement of defense.

On May 22, 2020, the Corporation issued 700,000 shares of Class A common stock to two consultants for services rendered. The total value was based on the closing stock price of our common stock on the various dates of issuance, and equals \$77,000.

On June 12, 2020, Alternum Energy International Limited ("Alternum" or the "Purchaser"), a wholly owned subsidiary of the Company, and Sycamore Capital (Italy) Limited (the "Seller") entered into a Share Purchase Agreement (the "SPA"). Pursuant to the terms of the SPA, the Seller agreed to sell to Alternum 100% of the share capital of Solar Sicily S.r.l., an Italian SPV that owns and is acquiring the project rights to develop and construct a 102 MW ground-mounted solar photovoltaic (PV) power plant in Sicily, Italy (the "Project"), in exchange for approximately \$15.4 million (€14 million), to be paid on closing (the "Purchase Price").

In July, the Company incorporated 3 new wholly owned subsidiaries, one in the Netherlands, AEN 02 B.V, and two in Italy, PC-Italia-04 Srl, which is wholly owned by AEN 02 BV, and PC-Italia-03 Srl, which is wholly owned by Alternum Energy International Ltd. These companies were incorporated to acquire various special purpose vehicles (SPVs), project rights and other solar energy assets in various locations across Europe.

On August 12, 2020, the Company issued an option to purchase up to 100,000 shares of restricted common stock under the Corporation's 2019 Stock Incentive Plan, having a three year vesting schedule and exercisable at \$0.10 per share with a cashless exercise provision.

On August 12, 2020, the Company guaranteed a 9.15 million RON (equivalent to approximately US\$2.0M) promissory note issued by both of its subsidiaries, Power Clouds S.R.L., and F.R.A.N. Energy Investment SRL two Romanian companies to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held, accruing interest annually at a rate of ROBOR 3M + 3.3% and having a term of 10 years.

The recent outbreak of the corona virus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the corona virus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the corona virus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time

## EXHIBIT INDEX

Exhibit #	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date Filed	Number	
<a href="#">3.1</a>	<a href="#">Amended and Restated Certificate of Incorporation of Alternus Energy Inc.</a>	10	8/13/19	3.1	
<a href="#">3.2</a>	<a href="#">Amended and Restated Bylaws of Alternus Energy Inc.</a>	10	8/13/19	3.2	
<a href="#">3.3</a>	<a href="#">Certificate of Designation of Series E Convertible Preferred Stock</a>	10/A	11/6/19	3.3	
<a href="#">3.4</a>	<a href="#">Amended Articles of Incorporation of Alternus Energy Inc.</a>	10/A	11/6/19	3.4	
<a href="#">4.1</a>	<a href="#">Form of Certificate of Common Stock of Alternus Energy Inc.</a>	10	8/13/19	4.1	
<a href="#">4.2</a>	<a href="#">Form of Warrant to purchase up to a total of 1,257,022 shares of common stock issued in February of 2019</a>	10	8/13/19	4.8	
<a href="#">4.3</a>	<a href="#">Form of Warrant to purchase up to a total of 150,000 shares of common stock issued in May and June of 2019</a>	10	8/13/19	4.9	
<a href="#">10.1</a>	<a href="#">Employment Agreement dated October 1, 2018 between Joseph E. Duey and the Registrant</a>	10	8/13/19	10.7	
<a href="#">10.2</a>	<a href="#">Employment Agreement dated December 1, 2018 between Taliesin Durant and the Company</a>	10	8/13/19	10.9	
<a href="#">10.3</a>	<a href="#">Professional Consulting Agreement dated February 28, 2019 between VestCo Corp. and the Company</a>	10	8/13/19	10.10	
<a href="#">10.4</a>	<a href="#">Sale and Purchase Agreement between PC Italia 02 and Risen Energy dated March 19, 2019</a>	10	8/13/19	10.22	
<a href="#">10.5</a>	<a href="#">Form of Convertible Note totaling \$300,000 issued in February of 2019 to 4 accredited investors</a>	10	8/13/19	10.23	
<a href="#">10.6</a>	<a href="#">Form of Securities Purchase Agreement dated February of 2019 entered into with 4 accredited investors</a>	10	8/13/19	10.24	
<a href="#">10.7</a>	<a href="#">Form of Note totaling \$150,000 issued in May of 2019 to 4 accredited investors</a>	10	8/13/19	10.25	
<a href="#">10.8</a>	<a href="#">Form of Securities Purchase Agreement dated May of 2019 entered into with 4 accredited investors</a>	10	8/13/19	10.26	
<a href="#">10.9</a>	<a href="#">\$500,000 Convertible Note issued May 30, 2019</a>	10	8/13/19	10.27	
<a href="#">10.10</a>	<a href="#">Securities Purchase Agreement related to the \$500,000 Convertible Note dated May 30, 2019</a>	10	8/13/19	10.28	
<a href="#">10.11</a>	<a href="#">\$9,806,939 Bond Agreement dated June 2019</a>	10	8/13/19	10.30	
<a href="#">10.12</a>	<a href="#">Subordination Agreement related to the \$9,806,939 Bond dated June 2019</a>	10	8/13/19	10.31	
<a href="#">10.13</a>	<a href="#">Sale and Purchase Agreement by and among Risen Energy PV Holding Italy GmbH, Risen Energy (Hongkong) Co., Limited, PC-Italia-02 S.r.l. and the Registrant dated March 19, 2019</a>	10	8/13/19	10.32	
<a href="#">10.14</a>	<a href="#">Share Purchase Agreement dated July 29, 2019 by and among PCG HoldCo UG, Coöperatie Unisun Energy U.A. and Zonnepark Rilland B.V.</a>	10/A	11/6/19	10.34	
<a href="#">10.15</a>	<a href="#">Share Exchange Agreement dated August 19, 2019 by and among the Registrant and Growthcap Investments Inc.</a>	10/A	11/6/19	10.35	
<a href="#">10.16</a>	<a href="#">Share Exchange Agreement dated October 9, 2019 by and among the Registrant and VestCo Corp.</a>	10/A	11/6/19	10.36	
<a href="#">10.17</a>	<a href="#">Form of Convertible Loan Note Extension from June 2019 to December 31, 2019</a>	10/A	12/13/19	10.39	
<a href="#">10.18</a>	<a href="#">Form of Convertible Note issued November 2019</a>	10/A	12/13/19	10.40	
<a href="#">10.19</a>	<a href="#">Addendum to the Share Purchase Agreement dated December 20, 2019 by and among PCG HoldCo UG, AEN 01 BV, Coöperatie Unisun Energy U.A. and Zonnepark Rilland B.V.</a>	8-K	12/27/19	10.1	
<a href="#">10.20</a>	<a href="#">Bond Subscription Agreement dated December 20, 2019</a>	8-K	12/27/19	10.2	
<a href="#">10.21</a>	<a href="#">Security Agreement dated December 20, 2019</a>	8-K	12/27/19	10.3	
<a href="#">10.22</a>	<a href="#">Call Option Agreement dated December 20, 2019</a>	8-K	12/27/19	10.4	
<a href="#">10.23</a>	<a href="#">Loan Agreement by and among AEN 01 BV, Alternus Energy Inc. and Coöperatie Unisun Energy U.A. dated December 20, 2019</a>	8-K	12/27/19	10.5	
<a href="#">10.24</a>	<a href="#">\$250,000 Convertible Promissory Note issued January 2020</a>				Filed
<a href="#">10.25</a>	<a href="#">Securities Purchase Agreement related to the \$250,000 Convertible Promissory Note issued January 2020</a>				Filed
<a href="#">10.26</a>	<a href="#">\$105,000 Convertible Promissory Note issued February 2020</a>				Filed
<a href="#">10.27</a>	<a href="#">Securities Purchase Agreement related to the \$105,000 Convertible Promissory Note issued February 2020</a>				Filed
<a href="#">10.28</a>	<a href="#">\$3,000,000 Securities Purchase Agreement executed on March 24, 2020</a>				Filed
<a href="#">10.29</a>	<a href="#">Settlement Agreement by and among the Company and Unisun dated April 7, 2020</a>				Filed
<a href="#">10.30</a>	<a href="#">\$53,000 Convertible Promissory Note issued April 2020</a>				Filed
<a href="#">10.31</a>	<a href="#">Securities Purchase Agreement related to the \$53,000 Convertible Promissory Note issued April 2020</a>				Filed
<a href="#">14</a>	<a href="#">Code of Ethics</a>	10	8/13/19	14	
<a href="#">21.1</a>	<a href="#">List of Subsidiaries</a>				Filed
<a href="#">31.1</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				Filed
<a href="#">31.2</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				Filed
<a href="#">32.1</a>	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				Filed
<a href="#">32.2</a>	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				Filed
<a href="#">99.1</a>	<a href="#">Audit Committee Charter</a>	10/A	11/6/19	99.1	

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ALTERNUS ENERGY INC.**

Dated: October 2, 2020

By: /s/ Vincent Browne

Vincent Browne  
Chief Executive Officer and Director  
(Principal Executive Officer)

Dated: October 2, 2020

By: /s/ Joseph E. Duey

Joseph E. Duey  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: October 2, 2020

By: /s/ Vincent Browne

Vincent Browne, Chief Executive Officer and Director  
(Principal Executive Officer)

Dated: October 2, 2020

By: /s/ Joseph E. Duey

Joseph E. Duey, Chief Financial Officer

Dated: October 2, 2020

By: /s/ John McQuillan

John McQuillan, Director

Dated: October 2, 2020

By: /s/ John Thomas

John Thomas, Director

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT.

**ALTERNUS ENERGY INC.  
CONVERTIBLE PROMISSORY NOTE**

Principal Amount: \$250,000.00

Issuance Date: January 29, 2020  
Maturity Date: January 29, 2022

**FOR VALUE RECEIVED**, Alternus Energy Inc., a Nevada corporation whose principal office is located at One World Trade Center, Suite 8500, New York, NY 10007 (the "Company"), promises to pay to the order of [\*] (the "Payee"), at the office of the Payee or at such other place as Payee may designate in writing, the principal sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Principal Amount") on the terms set forth below. All payments hereunder shall be made in U.S. currency and without setoff, deduction or counterclaim.

**1. Definitions.**

The following terms shall have the meanings herein specified:

"Holder" means the Payee, and each endorsee, pledgee, assignee, owner and holder of this Note, as such; and any consent, waiver or agreement in writing by the then Holder with respect to any matter or thing in connection with this Note, whether altering any provision hereof or otherwise, shall bind all subsequent Holders. Notwithstanding the foregoing, the Company may treat the registered holder of this Note as the Holder for all purposes.

"Person" means an individual, trust, partnership, firm, association, corporation or other organization or a government or governmental authority.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of January \_\_, 2020 among Company and the original Holder, as amended, modified or supplemented from time to time in accordance with its terms.

"VWAP" means, as of any date, the daily dollar volume-weighted average price for such security as reported by Bloomberg, LP through its "Historical Price Table Screen (HP)" with Market: Weighted Ave function selected (or comparable financial news service (U.S market only), or, if no dollar volume-weighted average price is reported for such security by Bloomberg, LP (or comparable financial news service (U.S market only), the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by the OTC Markets Group.

Words of one gender include the other gender; the singular includes the plural; and the plural includes the singular, unless the context otherwise requires.

## 2. Security; Payment and Conversion of this Note

(a) **Security.** This Note shall be senior in priority to all obligations of the Company other than the Company's obligations to InMost Discovery Capital LLC and its affiliated investment funds, or a similar replacement thereto.

(b) **Interest.** The outstanding principal amount of this Note shall bear interest at a rate of twelve percent (12%) per annum from the Issuance Date until the Maturity Date. Such interest will be based on a 365-day year and calculated for the actual number of days elapsed in which interest is being calculated.

(c) **Bi-Annual Interest Payments and Payment after Milestone Deadline.** The Company shall pay to the Holder the accrued interest bi-annually, on the six month and annual anniversary dates of the Issuance Date. The Principal Amount, if and to the extent not converted or repaid as set forth below, shall be due and payable on the Maturity Date, and thereafter the Holder may proceed to collect such monies due.

(d) **Call Option Right.** Commencing at the first annual anniversary of the Issuance Date and continuing until the Maturity Date, and provided that the Company is not listed on a national stock exchange with the VWAP of the Company's common stock being equal to or greater than fifty-five cents (\$0.55) per share for any 30 trading days after such uplisting (the "Call Option Period"), the Holder shall have the right to require repayment of any or all of the outstanding and unpaid portion of the Principal Amount of the Note by delivering a written notice to the Company. The Company shall have thirty (30) days from the date the Call notice is received by the Company to repay the Note. If the Call Option is not exercised by the Holder during the Call Option Period, the Call Option expires and the Principal Amount, if and to the extent not converted or repaid, is due and payable on the Maturity Date.

(e) **Redemption Right.** Notwithstanding the above, if the Company successfully lists its common stock on a national stock exchange (NYSE or NASDAQ) and the VWAP of the Company's common stock has been equal to or greater than fifty five cents (\$0.55) per share for 30 trading days prior to, or after, the Company's stock trading on a national exchange (the "Uplift"), then the Company has the right to require the Holder to surrender the Note for redemption by delivering a written notice to the Holder (the "Notice of Redemption"). The Holder shall have the right to convert the Note pursuant to Section 2(f) below within ten (10) days of receipt of the Company's Notice of Redemption; if a Notice of Conversion is not received by the Company within 10 days, the Company shall pay the Principal Amount of the Note that is outstanding as of the date of the Uplift without penalty.

(f) **Conversion Privilege.** The Holder shall have the right commencing on the Issuance Date, and continuing until this Note is fully paid, to convert any or all of the outstanding and unpaid portion of this Note, at the election of the Holder (the date of giving of such notice of conversion being a "Conversion Date") into fully paid and non-assessable shares of restricted common stock as such stock exists on the date of issuance of this Note (such shares, the "**Conversion Shares**"), or any shares of capital stock of the Company into which such Common Stock shall hereafter be changed or reclassified, at the conversion price per share equal to **twenty cents (\$0.20) per share** (the "**Conversion Price**"). Upon delivery to the Company of a completed Notice of Conversion, a form of which is attached hereto as [Exhibit A](#), Borrower shall issue and deliver to the Holder that number of Conversion Shares for the portion of the Note converted in accordance with the foregoing.

Stock Splits, Combinations and Dividends. If the shares of the Company's Common Stock are subdivided or combined into a greater or smaller number of shares of Common Stock, or if a dividend is paid on the Common Stock in shares of Common Stock, the Conversion Price shall be proportionately reduced in case of subdivision of shares or stock dividend or proportionately increased in the case of combination of shares, in each such case by the ratio which the total number of shares of Common Stock outstanding immediately after such event bears to the total number of shares of Common Stock outstanding immediately prior to such event.

(g) **Piggyback Registration Rights.** If the Company files a registration statement on Form S-1 with Securities and Exchange Commission (SEC), the Company shall include all shares of common stock converted by the Holder and issued pursuant to this Note in the Form S-1.

**3. Events of Default.**

The existence of any of the following conditions shall constitute an Event of Default:

- (a) Nonpayment of the Note in accordance with Section 2(b) or 2(c) above, if such breach remains unpaid and uncured for a period of ten (10) business days.
- (b) Commencement of proceedings under any bankruptcy or insolvency law or other law for the reorganization, arrangement, composition or similar relief or aid of debtors or creditors if such proceeding remains undismissed and unstayed for a period of 60 days following notice to the Company by the Holder.
- (b) If the Company shall dissolve, liquidate or wind up its affairs or sell substantially all of its assets, unless the provisions of Section 4 of this Note are met, in which case there is no Event of Default.
- (c) Attachment or similar process of execution is levied against a material portion of the Company's assets and such process is not terminated and any orders issued pursuant thereto canceled within 90 calendar days.

Upon the occurrence of an Event of Default, the Note shall immediately become due and payable in full without notice or demand. Upon the occurrence of an Event of Default under Section 3(a) above, the Holder and the Company shall meet, cooperate and negotiate in good faith to identify the most appropriate asset or assets to be sold by the Company in order to repay the Note in full in the shortest time period possible that also gives full value to such asset(s) sold, so as not to be perceived as a distress sale. From and after the occurrence of an Event of Default, interest shall accrue on the outstanding principal balance of this Note at a default rate equal to one and a half percent (1.5%) per month until paid in full.

**4. Reorganization, Reclassification, Consolidation, Merger or Sale.** If any reorganization of the capital stock of the Company, or any consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected, appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof shall thereafter be applicable to the surviving corporation. The Company will not effect any such consolidation, merger or sale unless, prior to the consummation thereof, the surviving corporation (if other than the Company) resulting from such consolidation or the corporation purchasing such assets shall assume by written instrument, executed and mailed or delivered to the registered Holder hereof at the last address of such Holder appearing on the books of the Company, the obligation to deliver to such Holder such assets as, in accordance with the foregoing provisions, such Holder may be entitled to receive.

**5. Transfer; Investment Representations.** This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations. Transfer of this Note shall be subject to prior delivery by the proposed transferee to the Company of an opinion of counsel that such transfer is in compliance with all federal and all other applicable laws. In order to transfer this Note, the Holder, or its duly authorized attorney, shall surrender this Note at the office of the Company pursuant to Section 10 herein, accompanied by an assignment duly executed by the Holder hereof.

**6. Loss or Mutilation of Note.** Upon receipt by the Company of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, together with an indemnity reasonably satisfactory to the Company, in the case of loss, theft, or destruction, or the surrender and cancellation of this Note, in the case of mutilation, the Company shall execute and deliver to the Holder a new Note of like tenor and denomination as this Note.

**7. Holder not Shareholder.** This Note does not confer upon the Holder any right to vote or to consent or to receive notice as a shareholder of the Company, as such, in respect of any matters whatsoever, or any other rights or liabilities as a shareholder, prior to the conversion hereof.

**8. Waivers.** The failure of Holder to enforce at any time any of the provisions of this Note shall not, absent an express written waiver signed by Holder specifying the provision being waived, be construed to be a waiver of any such provision, nor in any way to affect the validity of this Note or any part hereof or the right of Holder thereafter to enforce each and every such provision. No waiver of any breach of this Note shall be held to be a waiver of any other or subsequent breach. The Company waives presentment, demand, notice of dishonor, protest and notice of nonpayment and protest.

**9. Taxes.** The Company agrees that it will pay, when due and payable, any and all stamp, original issue or similar taxes which may be payable in respect of the issue of this Note. The Company shall not be required to pay any stamp, original issue or similar tax which may be payable in respect of any transfer involved in the transfer and delivery of this Note to a person other than of the Payee.

**10. Notices.** All notices or other communications to a party required or permitted hereunder shall be in writing and shall be delivered personally or by facsimile or electronic transmission (receipt confirmed electronically) to such party (or, in the case of an entity, to an executive officer of such party) or shall be sent by a reputable express delivery service or by certified mail, postage prepaid with return receipt requested, addressed as follows:

if to Payee to:

[\*]

if to the Company to:

Alternus Energy Inc.  
Attn: CFO  
One World Trade Center, Suite 8500  
New York, NY 10007  
Email: jd@alternusenergy.com

Any party may change the above specified recipient and/or mailing address by notice to all other parties given in the manner herein prescribed. All notices shall be deemed given on the day when actually delivered as provided above (if delivered personally or by facsimile or email, provided that any such facsimile or email is received during regular business hours at the recipient's location) or on the day shown on the return receipt (if delivered by mail or delivery service).

**11. Headings.** The titles and headings to the Sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Note. This Note shall be construed without regard to any presumption or other rule requiring construction hereof against the party causing this Note to be drafted.

**12. Applicable Law and Jurisdiction.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

**13. Survival Of Representations And Warranties; Attorneys Fee.** This Note shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. If this Note is not paid when due or if the Company breaches any provisions of this Note, in addition to all other amounts due herein, the Company promises to pay all costs of collection and all reasonable attorney fees and court costs incurred by Holder.

**14. Assignment.** This Note may not be assigned by either party hereto without the prior written consent of the other (except that the Company may without the prior written consent of the Holder assign this Note in the event of a merger, acquisition, reorganization or the sale of all or substantially all of its assets to another corporation to the surviving entity of such merger, acquisition, reorganization or sale).

**IN WITNESS WHEREOF**, Alternus Energy Inc. has caused this Convertible Promissory Note to be signed in its name by the signature of its duly authorized representative.

**Alternus Energy Inc.**

*/s/ Vincent Browne*

By: Vincent Browne  
Its: Chief Executive Officer

## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the “Agreement” or the “Purchase Agreement”), between Alternus Energy Inc. (“ALTN” or the “Company”), a corporation formed under the laws of the State of Nevada, and the subscriber listed on the signature page hereof (the “Subscriber”), made as of the date set forth by ALTN opposite its signature on the signature page hereof.

WITNESSETH:

**WHEREAS**, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) and/or 4(6) of the Securities Act of 1933, as amended (the “1933 Act” or “Securities Act”), and Rule 506 of Regulation D as promulgated by the United States Securities and Exchange Commission (the “Commission”), the Company desires to issue and sell to each Subscriber, and each Subscriber, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement (the “Offering”). Execution of this Subscription Agreement by the Subscriber shall constitute an offer by the Subscriber to purchase the securities on the terms and conditions specified herein.

**WHEREAS**, the Subscriber desires to purchase from ALTN in this Offering the Note set forth on the signature page hereof, subject to the provisions described herein (together, the “Note” or the “Securities”) on the terms and conditions hereinafter set forth; and

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

**1. Issuance, Sale and Delivery of the Note.**

(a) Subject to the terms and conditions set forth herein on the Closing Date (as defined below) ALTN shall issue, sell and deliver to Subscriber, and Subscriber shall purchase from ALTN, a Convertible Note in the form of Appendix A with a Purchase Price and Principal Amount as listed on the Signature Page hereto.

2. **Closing Date.** The “Closing Date” shall be on or before January 30, 2020, unless extended at the option of the Company. The consummation of the transactions contemplated herein shall take place at the offices of the Company, upon the satisfaction or waiver of all conditions to closing set forth in this Agreement. Subject to payment by Subscriber of the Purchase Price by wire transfer to the Company’s designated bank account, the satisfaction or waiver of the terms and conditions of this Agreement and the full execution and delivery of the Agreement, Note to the applicable parties thereto, on the Closing Date, Subscriber shall purchase and the Company shall sell to Subscriber the Note (the “Closing”). Any funds paid by the Subscriber (and received by the Company) prior to the Closing Date are the property of the Subscriber until the Closing; if the Closing does not occur for any reason, the funds will be returned immediately to the Subscriber.

**3. Representations and Warranties of ALTN.** ALTN represents and warrants to Subscriber as follows:

(a) **Organization** ALTN is a Corporation duly formed, validly existing and in good standing under the laws of the State of Nevada. ALTN has, or on or prior the Closing Date will or has, the authority to own and hold its properties, to carry on its business as currently conducted, to execute, deliver and perform this Agreement and to issue and deliver the Note.

(b) **Authorization of Agreements, Etc.** This Agreement has, or on or prior to the Closing Date will have, been duly executed and delivered by ALTN and constitutes the valid and binding obligation of ALTN enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles, and except insofar as the enforceability of any provision hereof would be restricted or void by reason of public policy.

(c) **No Conflicts.** ALTN's execution and delivery of this Agreement and ALTN's consummation of the transactions contemplated hereby will not (i) violate, conflict with or result in an event of default under any material agreement or contract to which ALTN is a party or by which it is bound, (ii) violate any applicable law, ordinance, rule or regulation of any governmental body having jurisdiction over ALTN or its business or any order, judgment or decree applicable to ALTN, or (iii) violate any provision of its certificate of incorporation or by-laws, each as may be in effect as of the Closing Date.

**4. Representations and Warranties of the Subscriber.**

Subscriber represents and warrants to ALTN with respect to itself as follows:

(a) **Organization, Power and Authority.** Subscriber, if not a natural person, is duly incorporated or organized, validly existing and in good standing in its jurisdiction. Subscriber has full power and authority to enter into, deliver and perform this Agreement and has taken all action required to authorize the execution and delivery hereof and to consummate the transactions contemplated hereby, including the purchase of the Note, and, if Subscriber is not a natural person, the person signing this Agreement on behalf of Subscriber has been duly authorized to act on behalf of and to bind such party.

(b) **Authorization of Agreements, Etc.** This Agreement has been duly executed and delivered by the Subscriber and constitutes the valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles, and except insofar as the enforceability of any provision hereof would be restricted or void by reason of public policy.

(c) **No Conflicts.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) violate, conflict with or result in an event of default under any material agreement or contract to which the Subscriber is a party or by the Subscriber is bound, (ii) violate any applicable law, ordinance, rule or regulation of any governmental body having jurisdiction over such party or its business or any order, judgment or decree applicable to the Subscriber, (iii) require the Subscriber to obtain the consent of any governmental agency or entity or any other third party, other than such consents as have already been obtained, or (iv) if not a natural person, violate any provision of the Subscriber's certificate of in Limited Liability Company, certificate of limited partnership, certificate of formation or other formation or organizational instrument or document, as applicable, and by-laws, partnership agreement or operating agreement, as applicable.

(d) Investment Representations. Subscriber represents and warrants to ALTN that (i) it has completed the "Accredited Investor Certification" attached to this Agreement, (ii) it is an "accredited investor" as such term is defined in Rule 501 of Regulation D ("Regulation D") promulgated under the Securities Act of 1933, as amended (the "Securities Act") and (iii) it is acquiring the Note for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof. Subscriber further represents that Subscriber has knowledge and experience in business and financial matters and prior investment experience, including investment in securities that are non-listed, unregistered and/or not traded on a national securities exchange and that Subscriber understands that (i) the Note and the underlying common shares have not been registered under the Securities Act, by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof or pursuant to Regulation D promulgated there under, (ii) the Note and underlying common shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration, (iii) the underlying common shares will bear a legend to such effect, and (iv) ALTN will make a notation on its transfer books to such effect. Subscriber has delivered the completed "Accredited Investor Certification" to ALTN along with any subscription made hereunder.

(e) Compliance with Securities Act. The Subscriber understands and agrees that the Securities have not been registered under the 1933 Act or any applicable state securities laws, by reason of their issuance in a transaction that does not require registration under the 1933 Act (based in part on the accuracy of the representations and warranties of the Subscriber contained herein), and that such Securities must be held indefinitely unless a subsequent disposition is registered under the 1933 Act or any applicable state securities laws or is exempt from such registration. Prior to the execution of this Agreement, the Subscriber and any affiliates of Subscriber have not participated in any hedging transactions involving the Common Stock and have not sold short any of the Common Stock. The Subscriber does not have a present arrangement or intention to effect any distribution of any of the Securities to or through any person or entity for purposes of selling, offering, distributing or otherwise disposing of any of the Securities.

(f) Securities Legend. The Note and underling Common Shares shall bear the following or similar legend:

**"THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT."**

(g) **Access to Information.** The Subscriber represents that the Subscriber has been furnished by ALTN during the course of this transaction with all information regarding ALTN which the Subscriber has requested or desired to know, has been afforded the opportunity to ask questions of and receive answers from duly authorized officers of ALTN concerning the terms and conditions of the Offering and has received any additional information which the Subscriber has requested. The Subscriber has been furnished with or has had access to (i) the Securities and Exchange Commission's website and all of the Company's SEC filings, (ii) the OTC Markets Group website and all of the Company's filings under the OTC Markets Alternative Reporting Standard through the OTC Markets Group News & Disclosure Service (collectively, the "Reports"). In addition, the Subscriber has received in writing from the Company such other information concerning its operations, financial condition and other matters (such information is collectively, the "Other Written Information"), and considered all factors the Subscriber deems material in deciding on the advisability of investing in the Securities. The Subscriber has relied solely upon the information provided by ALTN in this Agreement in making the decision to invest in the Note. The Subscriber disclaims reliance on any other statements made or information provided by any person or entity in the course of the Subscriber's consideration of the purchase of the Note.

(h) **Risk. SUBSCRIBER UNDERSTANDS THAT THIS INVESTMENT IN THIS COMPANY IS ILLIQUID AND INVOLVES A HIGH DEGREE OF SPECULATIVE RISK.** The Subscriber recognizes that the purchase of the Note involves a high degree of risk in that, among other things, (i) ALTN is an early stage business with a limited operating history and may require funding in addition to the proceeds of the Offering, which may be done through additional equity issuances which may cause additional dilution, (ii) an investment in ALTN is highly speculative, and only an investor who can afford the loss of the Subscriber's entire investment should consider investing in ALTN and the Note, (iii) the Subscriber may not be able to liquidate the Subscriber's investment, and (iv) in the event of a disposition, the Subscriber could sustain the loss of the entire investment.

(i) **No Commissions or NASD Affiliation.** Subscriber has not paid or received any commission or other remuneration in connection with the Offering. The Subscriber is not associated with a member firm of the National Association of Securities Dealers, Inc.

(j) **Finder's Fee/Commissions.** The Subscriber represents that it neither is nor will be obligated for any finders' fee or commission in connection with this transaction or the purchase of the Common Stock. The Subscriber agrees to indemnify and to hold harmless ALTN from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Subscriber is responsible.

(k) **Address.** The Subscriber represents that the address of the Subscriber furnished on the signature page hereof is (i) the Subscriber's principal business address if the Subscriber is not a natural person or (ii) the Subscriber's principal residence if the Subscriber is a natural person.

(l) Foreign Subscribers. If the Subscriber is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Subscriber hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Note or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Note, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Note. The Subscriber's subscription and payment for and continued beneficial ownership of the Note will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

(m) Indemnification. The Subscriber agrees to indemnify and hold harmless ALTN, Inc. and its agents, representatives and employees from and against all liability, damage, loss, cost, fee and expense (including reasonable attorneys' fees) which they may incur by reason of failure of the Subscriber to fulfill any of the terms or conditions of this Subscription Agreement, or by reason of any inaccuracy or omission in the information furnished by the Subscriber herein or any breach of the representations and warranties made by the Subscriber herein or in connection with this Subscription Agreement, or in any document provided by the Subscriber to the Company.

(n) General Solicitation. The Subscriber is not purchasing the Common Stock as a result of any advertisement, article, notice or other communication regarding the Common Stock published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

##### 5. Miscellaneous.

(a) Expenses, Etc. Each party hereto will pay its own expenses in connection with the transactions contemplated by this Agreement, whether or not such transactions shall be consummated

(b) Survival of Agreements. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the issuance, sale and delivery of the Note pursuant hereto.

(c) Parties in Interest. All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not, except for transferees in a Public Sale. For the purposes of this Agreement, "Public Sale" means any sale of securities to the public pursuant to an offering registered under the Securities Act or to the public pursuant to the provisions of Rule 144 (or any successor or similar rule) adopted under the Securities Act.

(d) Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered and received upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next day or next business day delivery, with written verification of receipt. All communications shall be sent to, if to the Subscriber, such Subscriber's address as set forth on the signature page hereto, or, if to ALTN, to the principal office of ALTN and to the attention of Mr. Vincent Browne, or to such facsimile number or address as subsequently modified by written notice given in accordance with this Section 5(d), with an email copy to Mr Browne at [vb@alternusenergy.com](mailto:vb@alternusenergy.com)

(e) Entire Agreement; Modifications. This Agreement, together with the Stockholders Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be amended or modified nor any provisions waived except in a writing signed by ALTN and Subscriber.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Governing Law. This Agreement, the performance of this Agreement and any and all matters arising directly or indirectly herefrom or therefrom, including the legal relations among the parties, shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, without regard to its conflict of laws rules. The parties hereto hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the State of Nevada, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Nevada courts for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in a Nevada court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Nevada court has been brought in an improper or inconvenient forum.

(h) If the Company elects to cancel this Subscription Agreement, provided that it returns to the undersigned, without interest and without deduction, all sums paid by the undersigned, this Offer shall be null and void and of no further force and effect, and no party shall have any rights against any other party hereunder.

(i) The undersigned agrees that he shall not cancel, terminate or revoke this Subscription Agreement or any agreement of the undersigned made hereunder other than as set forth herein, and that this Subscription Agreement shall survive the death or disability of the undersigned.

THE SECURITIES BEING SOLD HEREUNDER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUBSCRIBER SHOULD BE AWARE THAT IT WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

SUBSCRIBER SHOULD CONSULT ITS OWN LEGAL COUNSEL, ACCOUNTANT AND BUSINESS AND FINANCIAL ADVISERS AS TO ALL LEGAL, TAX AND RELATED MATTERS CONCERNING ANY INVESTMENT IN ALTN.

*[Remainder of Page Intentionally Left Blank; Signature Page Follows]*

**[SUBSCRIBER SIGNATURE PAGE  
TO ALTERNUS ENERGY INC. PURCHASE AGREEMENT]**

IN WITNESS WHEREOF, the undersigned have caused this Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Subscriber: [\*] \_\_\_\_\_

*Signature of Authorized Signatory of Subscriber:* [\*] \_\_\_\_\_

Name of Authorized Signatory: [\*] \_\_\_\_\_

Title of Authorized Signatory: [\*] \_\_\_\_\_

Email Address of Authorized Signatory: [\*] \_\_\_\_\_

Facsimile Number of Authorized Signatory: [\*] \_\_\_\_\_

State of Residence of Subscriber: [\*] \_\_\_\_\_

Address for Notice to Subscriber: [\*] \_\_\_\_\_

Address for Delivery of Securities to Subscriber (if not same as address for notice):

Purchase Price: US\$250,000

Date: January 28, 2020

SSN or EIN Number, if applicable, will be provided under separate cover.

**[SIGNATURE PAGES CONTINUE]**

Acknowledged, Accepted and Agreed to by:

**COMPANY:**

**ALTERNUS ENERGY INC.**

By: /s/ Vincent Browne  
Name: Vincent Browne  
Title: Chief Executive Officer

Date: January 29, 2020

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: \$105,000.00  
Purchase Price: \$105,000.00

Issue Date: February 10, 2020

**CONVERTIBLE PROMISSORY NOTE**

**FOR VALUE RECEIVED, ALTERNUS ENERGY INC.**, a Nevada corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of [\*], a New York corporation, or registered assigns (the "Holder") the sum of \$105,000.00 together with any interest as set forth herein, on February 10, 2021 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof at the rate of ten percent (10%)(the "Interest Rate") per annum from the date hereof (the "Issue Date") until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. All payments due hereunder (to the extent not converted into common stock, \$0.001 par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

**ARTICLE I. CONVERSION RIGHTS**

**1.1 Conversion Right.** The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount (as defined in Article III), each in respect of the remaining outstanding amount of this Note to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non- assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"); **provided, however,** that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. **The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder.** The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion **plus** (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, **plus** (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) **plus** (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.4 hereof.

**1.2 Conversion Price.** The Conversion Price shall be the greater of the: (i) Variable Conversion Price (as defined herein) and (ii) the Fixed Conversion Price (as defined herein) (subject, in each case, to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions and similar events). The "Variable Conversion Price" shall mean 65% multiplied by the Market Price (as defined herein) (representing a discount rate of 35%). "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the fifteen (15) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the OTCQB, OTCQX, Pink Sheets electronic quotation system or applicable trading market (the "OTC") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the OTC is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTC, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. "Fixed Conversion Price" shall mean \$0.0001.

**1.3 Authorized Shares.** The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved six times the number of shares that would be issuable upon full conversion of the Note (assuming that the 4.99% limitation set forth in Section 1.1 is not in effect)(based on the respective Conversion Price of the Note (as defined in Section 1.2) in effect from time to time, initially 6,461,538 shares)(the "Reserved Amount"). The Reserved Amount shall be increased (or decreased with the written consent of the Holder) from time to time in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

**1.4 Method of Conversion.**

(a) **Mechanics of Conversion.** As set forth in Section 1.1 hereof, from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

The Holder shall be entitled to deduct \$500.00 from the conversion amount in each Notice of Conversion to cover Holder's deposit fees associated with each Notice of Conversion. Any additional expenses incurred by Holder with respect to the Borrower's transfer agent, for the issuance of the Common Stock into which this Note is convertible into, shall immediately and automatically be added to the balance of the Note at such time as the expenses are incurred by Holder.

If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

(c) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

(d) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission ("DWAC") system.

(e) Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to action and/or inaction of the Borrower, the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to quantify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 1.4(e) are justified.

**1.5 Concerning the Shares.** The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

**1.6 Effect of Certain Events.**

(a) **Effect of Merger, Consolidation, Etc.** At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III). "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

1.7 Prepayment. Notwithstanding anything to the contrary contained in this Note, at any time during the periods set forth on the table immediately following this paragraph (the "Prepayment Periods"), the Borrower shall have the right, exercisable on not more than three (3) Trading Days prior written notice to the Holder of the Note to prepay the outstanding Note (principal and accrued interest), in full, in accordance with this Section 1.7. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than three (3) Trading Days from the date of the Optional Prepayment Notice. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to Holder, or upon the direction of the Holder as specified by the Holder in a writing to the Borrower (which shall direction to be sent to Borrower by the Holder at least one (1) business day prior to the Optional Prepayment Date). If the Borrower exercises its right to prepay the Note, the Borrower shall make payment to the Holder of an amount in cash equal to the percentage ("Prepayment Percentage") as set forth in the table immediately following this paragraph opposite the applicable Prepayment Period, multiplied by the sum of: (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x) plus (z) any amounts owed to the Holder pursuant to Section 1.4 hereof (the "Optional Prepayment Amount"). If the Borrower delivers an Optional Prepayment Notice and fails to pay the Optional Prepayment Amount due to the Holder of the Note within two (2) business days following the Optional Prepayment Date, the Borrower shall forever forfeit its right to prepay the Note pursuant to this Section 1.7.

<b>Prepayment Period</b>	<b>Prepayment Percentage</b>
1. The period beginning on the Issue Date and ending on the date which is sixty (60) days following the Issue Date.	120%
2. The period beginning on the date which is sixty-one (61) days following the Issue Date and ending on the date which is ninety (90) days following the Issue Date.	125%
3. The period beginning on the date that is ninety-one (91) day from the Issue Date and ending one hundred twenty (120) days following the Issue Date.	130%
4. The period beginning on the date that is one hundred twenty-one (121) day from the Issue Date and ending one hundred fifty (150) days following the Issue Date.	135%
5. The period beginning on the date that is one hundred fifty-one (151) day from the Issue Date and ending one hundred eighty (180) days following the Issue Date.	139%

After the expiration of one hundred eighty (180) days following the Issue Date, the Borrower shall have no right of prepayment.

## **ARTICLE II. CERTAIN COVENANTS**

2.1 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

## **ARTICLE III. EVENTS OF DEFAULT**

If any of the following events of default (each, an "Event of Default") shall occur:

3.1 Failure to Pay Principal and Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity or upon acceleration and such breach continues for a period of five (5) days after written notice from the Holder.

3.2 Conversion and the Shares. The Borrower fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower's transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.3 **Breach of Covenants.** The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and such breach continues for a period of twenty (20) days after written notice thereof to the Borrower from the Holder.

3.4 **Breach of Representations and Warranties.** Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.5 **Receiver or Trustee.** The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 **Bankruptcy.** Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 **Delisting of Common Stock.** The Borrower shall fail to maintain the listing of the Common Stock on at least one of the OTC (which specifically includes the quotation platforms maintained by the OTC Markets Group) or an equivalent replacement exchange, the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the American Stock Exchange.

3.8 **Failure to Comply with the Exchange Act.** The Borrower shall fail to comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.9 **Liquidation.** Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 **Cessation of Operations.** Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

**3.11 Financial Statement Restatement.** The restatement of any financial statements filed by the Borrower with the SEC at any time after 180 days after the Issuance Date for any date or period until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

**3.12 Replacement of Transfer Agent.** In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

**3.13 Cross-Default.** Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements, after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements, in which event the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreement or hereunder. "Other Agreements" means, collectively, all agreements and instruments between, among or by: (1) the Borrower, and, or for the benefit of, (2) the Holder and any affiliate of the Holder, including, without limitation, promissory notes; provided, however, the term "Other Agreements" shall not include the related or companion documents to this Note. Each of the loan transactions will be cross-defaulted with each other loan transaction and with all other existing and future debt of Borrower to the Holder.

Upon the occurrence and during the continuation of any Event of Default specified in Section 3.1 (solely with respect to failure to pay the principal hereof or interest thereon when due at the Maturity Date), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the Default Sum (as defined herein). UPON THE OCCURRENCE AND DURING THE CONTINUATION OF ANY EVENT OF DEFAULT SPECIFIED IN SECTION 3.2, THE NOTE SHALL BECOME IMMEDIATELY DUE AND PAYABLE AND THE BORROWER SHALL PAY TO THE HOLDER, IN FULL SATISFACTION OF ITS OBLIGATIONS HEREUNDER, AN AMOUNT EQUAL TO: (Y) THE DEFAULT SUM (AS DEFINED HEREIN); MULTIPLIED BY (Z) TWO (2). Upon the occurrence and during the continuation of any Event of Default specified in Sections 3.1 (solely with respect to failure to pay the principal hereof or interest thereon when due on this Note upon a Trading Market Prepayment Event pursuant to Section 1.7 or upon acceleration), 3.3, 3.4, 3.7, 3.8, 3.10, 3.11, 3.12, 3.13, and/or 3.14 exercisable through the delivery of written notice to the Borrower by such Holders (the "Default Notice"), and upon the occurrence of an Event of Default specified the remaining sections of Articles III (other than failure to pay the principal hereof or interest thereon at the Maturity Date specified in Section 3.1 hereof), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the greater of (i) 150% times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Sum") or (ii) the "parity value" of the Default Sum to be prepaid, where parity value means (a) the highest number of shares of Common Stock issuable upon conversion of or otherwise pursuant to such Default Sum in accordance with Article I, treating the Trading Day immediately preceding the Mandatory Prepayment Date as the "Conversion Date" for purposes of determining the lowest applicable Conversion Price, unless the Default Event arises as a result of a breach in respect of a specific Conversion Date in which case such Conversion Date shall be the Conversion Date), multiplied by (b) the highest Closing Price for the Common Stock during the period beginning on the date of first occurrence of the Event of Default and ending one day prior to the Mandatory Prepayment Date (the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

If the Borrower fails to pay the Default Amount within five (5) business days of written notice that such amount is due and payable, then the Holder shall have the right at any time, so long as the Borrower remains in default (and so long and to the extent that there are sufficient authorized shares), to require the Borrower, upon written notice, to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect.

#### ARTICLE IV. MISCELLANEOUS

**4.1 Failure or Indulgence Not Waiver.** No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**4.2 Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

ALTERNUS ENERGY INC.  
One World Trade Center, Suite 8500  
New York, NY 10007  
Attn: Vincent Browne, Chief Executive Officer  
Fax:  
Email: vb@alternusenergy.com

If to the Holder:

[\*]

With a copy by fax only to (which copy shall not constitute notice):

[\*]

**4.3 Amendments.** This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term “Note” and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

**4.4 Assignability.** This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an “accredited investor” (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

**4.5 Cost of Collection.** If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys’ fees.

**4.6 Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney’s fees and costs. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

4.7 Purchase Agreement. By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

4.8 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on February 10, 2020

**ALTERNUS ENERGY INC.**

By: */s/ Joseph Duey*  
Joseph Duey  
Chief Financial Officer

## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the “Agreement”), dated as of February 10, 2020, by and between **ALTERNUS ENERGY INC.**, a Nevada corporation, with its address at One World Trade Center, Suite 8500, New York, NY 10007 (the “Company”), and [\*], a New York corporation, with its address at 111 Great Neck Road, Suite 216, Great Neck, NY 11021 (the “Buyer”).

## WHEREAS:

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “1933 Act”); and

B. Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement a convertible note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of \$105,000.00 (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the “Note”), convertible into shares of common stock, \$0.001 par value per share, of the Company (the “Common Stock”), upon the terms and subject to the limitations and conditions set forth in such Note.

**NOW THEREFORE**, the Company and the Buyer severally (and not jointly) hereby agree as follows:

1. Purchase and Sale of Note.

a. **Purchase of Note.** On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company such principal amount of Note as is set forth immediately below the Buyer’s name on the signature pages hereto.

b. **Form of Payment.** On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Note to be issued and sold to it at the Closing (as defined below) (the “Purchase Price”) by wire transfer of immediately available funds to the Company, in accordance with the Company’s written wiring instructions, against delivery of the Note in the principal amount equal to the Purchase Price as is set forth immediately below the Buyer’s name on the signature pages hereto, and (ii) the Company shall deliver such duly executed Note on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

c. **Closing Date.** Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Note pursuant to this Agreement (the “Closing Date”) shall be 12:00 noon, Eastern Standard Time on or about February 11, 2020, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the “Closing”) shall occur on the Closing Date at such location as may be agreed to by the parties.

2. Buyer's Representations and Warranties. The Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note (such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule S01(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer.

e. Legends. The Buyer understands that the Note and, until such time as the Conversion Shares have been registered under the 1933 Act; or may be sold pursuant to an applicable exemption from registration, the Conversion Shares may bear a restrictive legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) THE ISSUER OF SUCH SECURITIES RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY ACCEPTABLE TO THE ISSUER'S TRANSFER AGENT, THAT SUCH SECURITIES MAY BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to an exemption from registration without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not accept the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

**f. Authorization; Enforcement.** This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

**3. Representations and Warranties of the Company.** The Company represents and warrants to the Buyer that:

**a. Organization and Qualification.** The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

**b. Authorization; Enforcement.** (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note and the issuance and reservation for issuance of the Conversion Shares issuable upon conversion or exercise thereof) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. As of the date hereof, the authorized common stock of the Company consists of 450,000,000 authorized shares of Common Stock, \$0.001 par value per share, of which 82,892,601 shares are issued and outstanding. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable..

d. Issuance of Shares. The Conversion Shares are duly authorized and reserved for issuance and, upon conversion of the Note in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. No Conflicts. The execution, delivery and performance of this Agreement, the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity . “Material Adverse Effect” means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith.

f. SEC Documents; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “1934 Act”) (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “SEC Documents”). Upon written request the Company will deliver to the Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates or if amended, as of the dates of the amendments, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates or if amended, as of the dates of the amendments, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). The Company is subject to the reporting requirements of the 1934 Act.

g. Absence of Certain Changes. Since September 30, 2019, except as set forth in the SEC Documents, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

h. Absence of Litigation. Except as set forth in the SEC Documents, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

i. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyer. The issuance of the Securities to the Buyer will not be integrated with any other issuance of the Company’s securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

j. No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

k. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an “investment company” required to be registered under the Investment Company Act of 1940 (an “Investment Company”). The Company is not controlled by an Investment Company.

I. Breach of Representations and Warranties by the Company. If the Company breaches any of the representations or warranties set forth in this Section 3, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an Event of default under Section 3.4 of the Note.

4. COVENANTS.

a. Best Efforts. The Company shall use its best efforts to satisfy timely each of the conditions described in Section 7 of this Agreement.

b. Form D; Blue Sky Laws. The Company agrees to timely make any filings required by federal and state laws as a result of the closing of the transactions contemplated by this Agreement.

c. Use of Proceeds. The Company shall use the proceeds for general working capital purposes.

d. Expenses. At the Closing, the Company’s obligation with respect to the transactions contemplated by this Agreement is to reimburse Buyer’ expenses shall be \$3,000.00 for Buyer’s legal fees and due diligence fee.

e. Corporate Existence. So long as the Buyer beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company’s assets, except with the prior written consent of the Buyer.

f. Breach of Covenants. If the Company breaches any of the covenants set forth in this Section 4, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an event of default under Section 3.4 of the Note.

g. Failure to Comply with the 1934 Act. So long as the Buyer beneficially owns the Note, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

5. **Transfer Agent Instructions.** The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares in such amounts as specified from time to time by the Buyer to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to this Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount as such term is defined in the Note) signed by the successor transfer agent to Company and the Company. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to an exemption from registration, all such certificates shall bear the restrictive legend specified in Section 2(e) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for Conversion Shares to be issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and/or this Agreement. If the Buyer provides the Company and the Company's transfer, at the cost of the Buyer, with an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. **Conditions to the Company's Obligation to Sell.** The obligation of the Company hereunder to issue and sell the Note to the Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

- a. The Buyer shall have executed this Agreement and delivered the same to the Company.
- b. The Buyer shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

**7. Conditions to The Buyer's Obligation to Purchase.** The obligation of the Buyer hereunder to purchase the Note at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Buyer.

b. The Company shall have delivered to the Buyer the duly executed Note (in such denominations as the Buyer shall request) in accordance with Section I(b) above.

c. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to the Buyer, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer including, but not limited to certificates with respect to the Board of Directors' resolutions relating to the transactions contemplated hereby.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

g. The Conversion Shares shall have been authorized for quotation on an exchange or electronic quotation system and trading in the Common Stock on such exchange or electronic quotation system shall not have been suspended by the SEC or an exchange or electronic quotation system.

h. The Buyer shall have received an officer's certificate described in Section 3(d) above, dated as of the Closing Date.

**8. Governing Law; Miscellaneous**

a. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Company and Buyer waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement, the Note or any related document or agreement by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

c. **Headings.** The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. **Severability.** In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. **Entire Agreement; Amendments.** This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the majority in interest of the Buyer.

f. **Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be as set forth in the heading of this Agreement with a copy by fax only to (which copy shall not constitute notice) to [\*]. Each party shall provide notice to the other party of any change in address.

g. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from the Buyer or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

i. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

k. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

**ALTERNUS ENERGY INC.**

/s/ Vincent Browne  
Vincent Browne  
Chief Executive Officer

By: [\*]  
Name: [\*]  
Title: [\*]

AGGREGATE SUBSCRIPTION AMOUNT:

Aggregate Principal Amount of Note:	\$ 105,000.00
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Aggregate Purchase Price:	\$ 105,000.00
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## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the “Agreement” or the “Purchase Agreement”), between Alternus Energy Inc. (“ALTN” or the “Company”), a corporation formed under the laws of the State of Nevada, and the subscriber listed on the signature page hereof (the “Subscriber”), made as of the date set forth by ALTN opposite its signature on the signature page hereof.

**WITNESSETH:**

**WHEREAS**, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) and/or 4(6) of the Securities Act of 1933, as amended (the “1933 Act” or “Securities Act”), and Rule 506 of Regulation D as promulgated by the United States Securities and Exchange Commission (the “Commission”), the Company desires to issue and sell to the Subscriber, and the Subscriber desires to purchase from the Company, securities of the Company as more fully described in this Agreement (the “Offering”). Execution of this Subscription Agreement by the Subscriber shall constitute an offer by the Subscriber to purchase the securities on the terms and conditions specified herein.

**WHEREAS**, the Subscriber desires to purchase from ALTN in this Offering a number of shares of the Company’s Class A common stock and warrants to purchase a number of shares of the Company’s Class A common stock in the form of Appendix A attached hereto and incorporated herein, and as set forth on the signature page hereof, subject to the provisions described herein (together, the “Shares” or the “Securities”) on the terms and conditions hereinafter set forth; and

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Issuance, Sale and Delivery of the Shares.

(a) Subject to the terms and conditions set forth herein on the Closing Date (as defined below) ALTN shall issue, sell and deliver to Subscriber, and Subscriber shall purchase from ALTN, the Shares, with a Purchase Price as listed on the Signature Page hereto.

2. Closing Date. The “Closing Date” shall be on or before March 20, 2020, unless extended at the option of the Company. The consummation of the transactions contemplated herein shall take place at the offices of the Company, upon the satisfaction or waiver of all conditions to closing set forth in this Agreement. Subject to payment by Subscriber of the Purchase Price by wire transfer to the Company’s designated bank account, the satisfaction or waiver of the terms and conditions of this Agreement and the full execution and delivery of the Agreement, Shares to the applicable parties thereto, on the Closing Date, Subscriber shall purchase and the Company shall sell to Subscriber the Shares (the “Closing”). Any funds paid by the Subscriber (and received by the Company) prior to the Closing Date are the property of the Subscriber until the Closing; if the Closing does not occur for any reason, the funds will be returned immediately to the Subscriber.

**3. Representations and Warranties of ALTN.** ALTN represents and warrants to Subscriber as follows:

(a) **Organization.** ALTN is a Corporation duly formed, validly existing and in good standing under the laws of the State of Nevada. ALTN has, or on or prior to the Closing Date will or has, the authority to own and hold its properties, to carry on its business as currently conducted, to execute, deliver and perform this Agreement and to issue and deliver the Shares.

(b) **Authorization of Agreements, Etc.** This Agreement has, or on or prior to the Closing Date will have, been duly executed and delivered by ALTN and constitutes the valid and binding obligation of ALTN enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles, and except insofar as the enforceability of any provision hereof would be restricted or void by reason of public policy.

(c) **No Conflicts.** ALTN's execution and delivery of this Agreement and ALTN's consummation of the transactions contemplated hereby will not (i) violate, conflict with or result in an event of default under any material agreement or contract to which ALTN is a party or by which it is bound, (ii) violate any applicable law, ordinance, rule or regulation of any governmental body having jurisdiction over ALTN or its business or any order, judgment or decree applicable to ALTN, or (iii) violate any provision of its certificate of incorporation or by-laws, each as may be in effect as of the Closing Date.

**4. Representations and Warranties of the Subscriber.**

Subscriber represents and warrants to ALTN with respect to itself as follows:

(a) **Organization, Power and Authority.** Subscriber, if not a natural person, is duly incorporated or organized, validly existing and in good standing in its jurisdiction. Subscriber has full power and authority to enter into, deliver and perform this Agreement and has taken all action required to authorize the execution and delivery hereof and to consummate the transactions contemplated hereby, including the purchase of the Shares, and, if Subscriber is not a natural person, the person signing this Agreement on behalf of Subscriber has been duly authorized to act on behalf of and to bind such party.

(b) **Authorization of Agreements, Etc.** This Agreement has been duly executed and delivered by the Subscriber and constitutes the valid and binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles, and except insofar as the enforceability of any provision hereof would be restricted or void by reason of public policy.

(c) **No Conflicts.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) violate, conflict with or result in an event of default under any material agreement or contract to which the Subscriber is a party or by the Subscriber is bound, (ii) violate any applicable law, ordinance, rule or regulation of any governmental body having jurisdiction over such party or its business or any order, judgment or decree applicable to the Subscriber, (iii) require the Subscriber to obtain the consent of any governmental agency or entity or any other third party, other than such consents as have already been obtained, or (iv) if not a natural person, violate any provision of the Subscriber's certificate of in Limited Liability Company, certificate of limited partnership, certificate of formation or other formation or organizational instrument or document, as applicable, and by-laws, partnership agreement or operating agreement, as applicable.

(d) **Investment Representations.** Subscriber represents and warrants to ALTN that (i) it has completed the “Accredited Investor Certification” attached to this Agreement, (ii) it is an “accredited investor” as such term is defined in Rule 501 of Regulation D (“Regulation D”) promulgated under the Securities Act of 1933, as amended (the “Securities Act”) and (iii) it is acquiring the Shares for its own account for the purpose of investment and not with a view to or for sale in connection with any distribution thereof. Subscriber further represents that Subscriber has knowledge and experience in business and financial matters and prior investment experience, including investment in securities that are non-listed, unregistered and/or not traded on a national securities exchange and that Subscriber understands that (i) the Shares and the underlying common shares have not been registered under the Securities Act, by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof or pursuant to Regulation D promulgated there under, (ii) the Shares and underlying common shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration, (iii) the underlying common shares will bear a legend to such effect, and (iv) ALTN will make a notation on its transfer books to such effect. Subscriber has delivered the completed “Accredited Investor Certification” to ALTN along with any subscription made hereunder.

(e) **Compliance with Securities Act.** The Subscriber understands and agrees that the Securities have not been registered under the 1933 Act or any applicable state securities laws, by reason of their issuance in a transaction that does not require registration under the 1933 Act (based in part on the accuracy of the representations and warranties of the Subscriber contained herein), and that such Securities must be held indefinitely unless a subsequent disposition is registered under the 1933 Act or any applicable state securities laws or is exempt from such registration. Prior to the execution of this Agreement, the Subscriber and any affiliates of Subscriber have not participated in any hedging transactions involving the Common Stock and have not sold short any of the Common Stock. The Subscriber does not have a present arrangement or intention to effect any distribution of any of the Securities to or through any person or entity for purposes of selling, offering, distributing or otherwise disposing of any of the Securities.

(f) **Securities Legend.** The Shares shall bear the following or similar legend:

**“THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT.”**

(g) **Access to Information.** The Subscriber represents that the Subscriber has been furnished by ALTN during the course of this transaction with all information regarding ALTN which the Subscriber has requested or desired to know, has been afforded the opportunity to ask questions of and receive answers from duly authorized officers of ALTN concerning the terms and conditions of the Offering and has received any additional information which the Subscriber has requested. The Subscriber has been furnished with or has had access to (i) the Securities and Exchange Commission's website and all of the Company's SEC filings, (ii) the OTC Markets Group website and all of the Company's filings under the OTC Markets Alternative Reporting Standard through the OTC Markets Group News & Disclosure Service (collectively, the "Reports"). In addition, the Subscriber has received in writing from the Company such other information concerning its operations, financial condition and other matters (such information is collectively, the "Other Written Information"), and considered all factors the Subscriber deems material in deciding on the advisability of investing in the Securities. The Subscriber has relied solely upon the information provided by ALTN in this Agreement in making the decision to invest in the Shares. The Subscriber disclaims reliance on any other statements made or information provided by any person or entity in the course of the Subscriber's consideration of the purchase of the Shares.

(h) **Risk. SUBSCRIBER UNDERSTANDS THAT THIS INVESTMENT IN THIS COMPANY IS ILLIQUID AND INVOLVES A HIGH DEGREE OF SPECULATIVE RISK.** The Subscriber recognizes that the purchase of the Shares involves a high degree of risk in that, among other things, (i) ALTN is an early stage business with a limited operating history and may require funding in addition to the proceeds of the Offering, which may be done through additional equity issuances which may cause additional dilution, (ii) an investment in ALTN is highly speculative, and only an investor who can afford the loss of the Subscriber's entire investment should consider investing in ALTN and the Shares, (iii) the Subscriber may not be able to liquidate the Subscriber's investment, and (iv) in the event of a disposition, the Subscriber could sustain the loss of the entire investment.

(i) **No Commissions or NASD Affiliation.** Subscriber has not paid or received any commission or other remuneration in connection with the Offering. The Subscriber is not associated with a member firm of the National Association of Securities Dealers, Inc.

(j) **Finder's Fee/Commissions.** The Subscriber represents that it neither is nor will be obligated for any finders' fee or commission in connection with this transaction or the purchase of the Common Stock. The Subscriber agrees to indemnify and to hold harmless ALTN from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which such Subscriber is responsible.

(k) **Address.** The Subscriber represents that the address of the Subscriber furnished on the signature page hereof is (i) the Subscriber's principal business address if the Subscriber is not a natural person or (ii) the Subscriber's principal residence if the Subscriber is a natural person.

(l) Foreign Subscribers. If the Subscriber is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Subscriber hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (i) the legal requirements within its jurisdiction for the purchase of the Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Shares. The Subscriber's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of the Subscriber's jurisdiction.

(m) Indemnification. The Subscriber agrees to indemnify and hold harmless ALTN, Inc. and its agents, representatives and employees from and against all liability, damage, loss, cost, fee and expense (including reasonable attorneys' fees) which they may incur by reason of failure of the Subscriber to fulfill any of the terms or conditions of this Subscription Agreement, or by reason of any inaccuracy or omission in the information furnished by the Subscriber herein or any breach of the representations and warranties made by the Subscriber herein or in connection with this Subscription Agreement, or in any document provided by the Subscriber to the Company.

(n) General Solicitation. The Subscriber is not purchasing the Common Stock as a result of any advertisement, article, notice or other communication regarding the Common Stock published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

##### 5. Miscellaneous.

(a) Expenses, Etc. Each party hereto will pay its own expenses in connection with the transactions contemplated by this Agreement, whether or not such transactions shall be consummated

(b) Survival of Agreements. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and the issuance, sale and delivery of the Shares pursuant hereto.

(c) Parties in Interest. All covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not, except for transferees in a Public Sale. For the purposes of this Agreement, "Public Sale" means any sale of securities to the public pursuant to an offering registered under the Securities Act or to the public pursuant to the provisions of Rule 144 (or any successor or similar rule) adopted under the Securities Act.

(d) Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered and received upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next day or next business day delivery, with written verification of receipt. All communications shall be sent to, if to the Subscriber, such Subscriber's address as set forth on the signature page hereto, or, if to ALTN, to the principal office of ALTN and to the attention of Mr. Vincent Browne, or to such facsimile number or address as subsequently modified by written notice given in accordance with this Section 5(d), with an email copy to Mr Browne at vb@alternusenergy.com

(e) Entire Agreement: Modifications. This Agreement, together with the Stockholders Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be amended or modified nor any provisions waived except in a writing signed by ALTN and Subscriber.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Governing Law. This Agreement, the performance of this Agreement and any and all matters arising directly or indirectly herefrom or therefrom, including the legal relations among the parties, shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, without regard to its conflict of laws rules. The parties hereto hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the State of Nevada, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Nevada courts for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in a Nevada court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Nevada court has been brought in an improper or inconvenient forum.

(h) If the Company elects to cancel this Subscription Agreement, provided that it returns to the undersigned, without interest and without deduction, all sums paid by the undersigned, this Offer shall be null and void and of no further force and effect, and no party shall have any rights against any other party hereunder.

(i) The undersigned agrees that he shall not cancel, terminate or revoke this Subscription Agreement or any agreement of the undersigned made hereunder other than as set forth herein, and that this Subscription Agreement shall survive the death or disability of the undersigned.

THE SECURITIES BEING SOLD HEREUNDER HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SUBSCRIBER SHOULD BE AWARE THAT IT WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

SUBSCRIBER SHOULD CONSULT ITS OWN LEGAL COUNSEL, ACCOUNTANT AND BUSINESS AND FINANCIAL ADVISERS AS TO ALL LEGAL, TAX AND RELATED MATTERS CONCERNING ANY INVESTMENT IN ALTN.

*[Remainder of Page Intentionally Left Blank; Signature Page Follows]*

**[SUBSCRIBER SIGNATURE PAGE**  
**TO ALTERNUS ENERGY INC. PURCHASE AGREEMENT]**

IN WITNESS WHEREOF, the undersigned have caused this Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Subscriber: Ultramar Energy Ltd.

*Signature of Authorized Signatory of Subscriber:* /s/ Salvador Rivero Cortina

Name of Authorized Signatory: Salvador Rivero Cortina

Title of Authorized Signatory: Director

Email Address of Authorized Signatory: s.rivero@ultramarenergy.net

Facsimile Number of Authorized Signatory: \_\_\_\_\_

State of Residence of Subscriber: London, United Kingdom

Address for Notice to Subscriber: 20-22 Wenlock Road, London, England N1 7GU

Address for Delivery of Securities to Subscriber (if not same as address for notice):

E. Pavlova  
California 2 77-C  
Playa de las Americas  
Santa Cruz de Tenerife  
38650 Spain

Purchase Price for the Class A Common Stock: US \$3,000,000

Number of Shares of Class A Common Stock: 30,000,000

Purchase Price for the Warrants: US \$0.125

Number of Warrants: 12,000,000

Date: 24.03.2020

SSN or EIN Number: \_\_\_\_\_

[SIGNATURE PAGES CONTINUE]

Acknowledged, Accepted and Agreed to by:

**COMPANY:**

**ALTERNUS ENERGY INC.**

By: /s/ Vincent Browne  
Name: Vincent Browne  
Title: Chief Executive Officer

Date: March 11, 2020

SETTLEMENT AGREEMENT

This Settlement Agreement is made on April 1, 2020.

**THE PARTIES**

1. **Alternus Energy Inc.**, a corporation, incorporated under the laws of the United States of America, having its statutory seat in New York, with its registered office at the One World Trade Center, Suite 8500 (NY 10007), United States of America ("Alternus");
2. **AEN 01 B.V.**, a private company with limited liability, incorporated under the laws of the Netherlands, having its statutory seat in Amsterdam, at Schiphol, with its registered office at the Evert van de Breekstraat 1, 104 The Base B (1118CL), the Netherlands ("AEN 01");
3. **AE Europe B.V.**, a private company with limited liability, incorporated under the laws of the Netherlands, having its statutory seat in Amsterdam, at Schiphol, with its registered office at the Evert van de Breekstraat 1, 104 The Base B (1118CL), the Netherlands ("AE Europe");
4. **Zonnepark Rilland B.V.**, a private company with limited liability, incorporated under the laws of the Netherlands, having its statutory seat in Amsterdam, at Schiphol, with its registered office at the Evert van de Breekstraat 1, 104 The Base B (1118CL), the Netherlands ("Target");  
hereafter referred to as "**Alternus c.s.**";  
and
5. **Unisun Energy B.V.**, a private company with limited liability, incorporated under the laws of the Netherlands, having its statutory seat in Rotterdam, the Netherlands, with its registered office at Marten Meesweg 8, (3068AV) Rotterdam, the Netherlands ("Unisun");
6. **Uper Energy Europe B.V.**, a private company with limited liability, incorporated under the laws of the Netherlands, having its statutory seat in Rotterdam, the Netherlands, with its registered office at Marten Meesweg 8, (3068AV) Rotterdam, the Netherlands ("UEE");  
together referred to as "**Parties**";

**WHEREAS**

- A.** Unisun, Target and PCG\_Holcoo UG (“**PCG**”) entered into a sale purchase agreement (the “**SPA**”) on 29 July 2019, in which Unisun initially sold all the shares in the share capital of Zonnepark Rilland to PCG, a subsidiary of Alternus.
- B.** On 13 December 2019 Alternus, AEN 01, Target, PCG and Unisun entered into an addendum on the SPA (the “**Addendum**”), in which these parties agreed that (i) AEN 01, another subsidiary of Alternus, would become the purchaser of the shares of the Target, (ii) the purchase price for the shares would be paid in the following two instalments (article 3.1 (d)): i. a cash amount of EUR 1,850,000 to be paid by AEN 01 no later than 9.00 am CET on the day of the transfer of the Shares by Unisun to AEN 01: and ii. a remaining amount EUR 1,689,864.40, which payment obligation was assigned by AEN 01 to Alternus and was assumed by Alternus, and which remaining amount remains payable by Alternus to Unisun under the terms and conditions as laid down in the loan agreement entered into between Unisun and Alternus on 20 December 2019 (the “**Loan Agreement**”) for a principal amount of EUR 1,689,864.40 (the “**Loan**”) with the ultimate repayment date on 31 January 2020 (the **Repayment Date**).
- C.** In addition to the above payments and pursuant to the Addendum, AEN 01 is obliged to pay to Unisun a penalty of EUR 888,- per day, calculating from 15 October 2019 until the day of full repayment of the Loan (the “**Penalty**”).
- D.** In addition, Alternus has a payment obligation to Unisun under the management services agreement (the “**MSA**”) that Alternus, Unisun and Target entered into on 19 December 2019, amounting to EUR 1,112 per day, calculating from 15 October 2019 until the day of full repayment of the Loan (the “**MSA Consideration**”).
- E.** Unisun transferred the shares of the Target to AEN 01 by notary deed on 20 December 2019.
- F.** On 11 February 2020 Unisun obtained leave from the interim relief judge of the Court of Amsterdam for three pre-judgment attachments (*conservatoir beslag*) on the shares in the capital of (i) AEN 01, (ii) AE Europe and (iii) Zonnepark Rilland. On 25 February 2020 Unisun served Alternus and AEN 01 for the repayment of the Loan and the Penalty.
- G.** Parties have agreed that they wish to settle the payment of the Loan, the Penalty and the MSA Consideration and to grant a full and final discharge (*finale kwijting*) therefore and Unisun is prepared to lift the three-pre-judgement attachments on the shares of AEN 01, AE Europe and Zonnepark Rilland and to withdraw the legal proceedings currently pending before the Court of Rotterdam.
- H.** Parties furthermore agree that they wish to amend the original O&M contract Zonnepark Rilland in relation to the operation and maintenance of the Photovoltaic System, dated October 24, 2018 and entered into by Target and UEE (“**O&M Contract**”) in accordance with this Agreement.
- I.** Parties reached agreement and wish to lay down the terms in this settlement agreement, which is considered to be a settlement agreement within the meaning of article 7:900 et seq. Dutch Civil Code (*Burgerlijk Wetboek*) (the “**Agreement**”).

**HAVE AGREED AS FOLLOWS**

**1. AMICABLE SETTLEMENT**

- 1.1. Alternus c.s. pays a total amount of USD 2.000.000,- as an overall settlement amount for any and all outstanding amounts under the Loan, the Penalty and the MSA Consideration ("Settlement Amount").

- 1.2. Alternus c.s. will transfer the Settlement Amount after the signing of this Agreement, to the third party trust bank account of Jones Day:

Bank account: NL79 ABNA 0551 7240 80  
BIC: ABNANL2A  
In the name of: *Jones Day Notary Third Party Trust Account*  
Citing: Payment Settlement Agreement Unisun/Alternus

- 1.3. Alternus c.s. will ensure that payment of the Settlement Amount to Unisun will occur from the third party trust bank account of Jones Day no later than the end of business on Wednesday 8 April 2020 ("Payment").

**2. WAIVER OF RIGHTS/FULL AND FINAL SETTLEMENT**

- 2.1. On the condition precedent (*opschortende voorwaarde*) of timely Payment of the Settlement Amount in accordance with clause 1 of this Agreement, all Parties waive all known, unknown, present and/or future claims or rights of legal actions, which they have or may have against each other in connection with the above, including but not exhaustive (i) the SPA, whereby Parties specifically acknowledge that clause 2.10 of the SPA shall survive the settlement laid down in this Agreement and remains in full force and effect between the parties to the SPA (for the avoidance of doubt Unisun shall remain entitled to the earn-out payment by Alternus in accordance with the terms and conditions of the SPA), (ii) the Addendum, (iii) the Loan Agreement, (iv) the MSA, (v) the transfer of the shares of the Target and (vi) the transaction in general. Unisun hereby lifts the three pre-judgment attachments on the shares of AEN 01, AE Europe and Zonnepark Rilland and withdraws the legal proceedings currently pending before the Court of Rotterdam.
- 2.2. Without prejudice to the obligations resulting from this Agreement, Parties grant each other full and final discharge (*finale kwijting*) in respect of (i) the SPA, whereby Parties specifically acknowledge that clause 2.10 of the SPA shall survive the settlement laid down in this Agreement and remains in full force and effect between the parties to the SPA (for the avoidance of doubt Unisun shall remain entitled to the earn-out payment by Alternus in accordance with the terms and conditions of the SPA), (ii) the Addendum, (iii) the Loan Agreement, (iv) the MSA, (v) the transfer of the shares of the Target and (vi) the transaction in general.

### **3. AMENDMENT TO O&M CONTRACT**

3.1. Target and UEE hereby agree that the O&M Contract will be amended as follows:

- Clause 6 “Bonus Mechanism” of the O&M Contract will be deleted in its entirety and will consequently have no further force or effect.
- In clause 7.1 of the O&M Contract the defined term: the “Contract Price” shall have the meaning: an initial annual fee of EUR 10,350 per MWp from the commencement of the effective date of the SPA, being July 29, 2019, and will be subject to annual price adjustment in line with the Netherlands CPI, subject however that the contract value will increase by a maximum of 1.5% per annum for the Term of the Contract.

3.2. Parties hereby agree that this amendment to the O&M Contract shall become effective as of July 29, 2019, the date of the full execution of the SPA, and shall be binding upon and inure to the benefit of the parties thereto, their successors and assigns.

3.3. The provisions of the O&M Contract shall, save as set forth in this Agreement, continue in full force and effect, and shall be read and construed as one document with this Agreement.

### **4. CONFIDENTIALITY/PUBLICITY**

4.1. The Parties (including their individual directors, officers and employees) will hold in confidence any information on the dispute between the Parties, the negotiations which led up to this Agreement, and will not disclose this Agreement or any documents related to this Agreement, in any form whatsoever to third parties.

4.2. The confidentiality obligations set out in sub clause 4.1 do not apply if and to the extent that:

- a. Alternus and Unisun consent in writing to the disclosure;
- b. there is a legal obligation to disclose information regarding the Agreement or a legal obligation to submit (a copy of) the Agreement;
- c. (information regarding) the Agreement is already in the public domain, unless such is a result of a breach of this Agreement by the Party to whom the confidentiality obligations extend;
- d. communication with the Party’s professional advisors and (re)insurers is involved;
- e. such disclosure is made in connection with an action to enforce this Agreement.

## 5. MISCELLANEOUS

- 5.1. To the extent permitted by law, the Parties hereby waive their rights under articles 6:265 to 6:272 inclusive of the Dutch Civil Code to rescind (*ontbinden*), or demand in legal proceedings the rescission (*ontbinding*) of this Agreement on the grounds of breach (*toerekenbare tekortkoming*) or error (*dwalings*).
- 5.2. In the event that an article of this Agreement is invalid, illegal, not binding, or unenforceable (either in whole or in part), the remainder of the Agreement shall continue to be effective to the extent that, in view of this Agreement's substance and purpose, such remainder is not inextricably related to and therefore in severable from the invalid, illegal, not binding or unenforceable provision. The Parties shall make every effort to reach agreement on a new respective article which differs as little as possible from the invalid, illegal, not binding or unenforceable article, taking into account the substance and purpose of this Agreement.
- 5.3. This Agreement is considered to be a settlement agreement (*vaststellingsovereenkomst*) within the meaning of article 7:900 of the Dutch Civil Code.
- 5.4. This Agreement embodies the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, relative to said subject matter.
- 5.5. This Agreement may only be amended in writing and such amendment signed by each of Alternus and Unisun.
- 5.6. Each Party will bear its own costs in connection with the negotiation, closing and execution of this Agreement.

## 6. GOVERNING LAW AND JURISDICTION

- 6.1. This addendum and any contractual or non-contractual obligations arising out of or in connection to this addendum are governed by and shall be construed in accordance with the laws of the Netherlands.
- 6.2. The Parties agree that any dispute arising out of or in connection with this addendum, whether contractual or non-contractual, shall be exclusively submitted to the jurisdiction of the competent court in Rotterdam, the Netherlands.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which together shall constitute one and the same instrument.

Thus agreed,

*/s/ Vincent Browne*

**Alternus**

Name: V. Browne  
Position: Chief Executive Officer  
Date: April 1, 2020

*/s/ Vincent Browne*

**AEN 01**

Name: V. Browne  
Position: Managing director  
Date: April 1, 2020

*/s/ Vincent Browne*

**AE Europe**

Name: V. Browne  
Position: Managing director  
Date: April 1, 2020

*/s/ Vincent Browne*

**Zonnepark Rilland**

Name: V. Browne  
Position: Managing director A  
Date: April 1, 2020

*/s/ Han Feng Yu*

**Unisun**

Name: Han Feng Yu  
Position: Director  
Date: April 7, 2020

*/s/ Han Feng Yu*

**UEE**

Name: Han Feng Yu  
Position: Director  
Date: April 7, 2020

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: \$53,000.00  
Purchase Price: \$53,000.00

Issue Date: April 6, 2020

**CONVERTIBLE PROMISSORY NOTE**

FOR VALUE RECEIVED, ALTERNUS ENERGY INC., a Nevada corporation (hereinafter called the "Borrower"), hereby promises to pay to the order of [\*], a New York corporation, or registered assigns (the "Holder") the sum of \$53,000.00 together with any interest as set forth herein, on April 6, 2021 (the "Maturity Date"), and to pay interest on the unpaid principal balance hereof at the rate often percent (10%)(the "Interest Rate") per annum from the date hereof (the "Issue Date") until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that the Note is fully paid and shall be computed on the basis of a 365- day year and the actual number of days elapsed. All payments due hereunder (to the extent not converted into common stock, \$0.001 par value per share (the "Common Stock") in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the "Purchase Agreement").

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

## ARTICLE I. CONVERSION RIGHTS

**1.1 Conversion Right.** The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount (as defined in Article 111), each in respect of the remaining outstanding amount of this Note to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"): provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.4 hereof.

**1.2 Conversion Price.** The Conversion Price shall be the greater of the: (i) Variable Conversion Price (as defined herein) and (ii) the Fixed Conversion Price (as defined herein) (subject, in each case, to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower **relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations,** recapitalization, reclassifications, extraordinary distributions and similar events). The "Variable Conversion Price" shall mean 65% multiplied by the Market Price (as defined herein) (representing a discount rate of 35%). "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the fifteen (15) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the OTCQB, OTCQX, Pink Sheets electronic quotation system or applicable trading market (the "OTC") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the OTC is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTC, or on the principal securities exchange or other securities market on which the Common Stock is then being traded. "Fixed Conversion Price" shall mean \$0.0001.

**1.3 Authorized Shares.** The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved six times the number of shares that would be issuable upon full conversion of the Note (assuming that the 4.99% limitation set forth in Section 1.1 is not in effect)(based on the respective Conversion Price of the Note (as defined in Section 1.2) in effect from time to time, initially 6,115,384 shares)(the “Reserved Amount”). The Reserved Amount shall be increased (or decreased with the written consent of the Holder) from time to time in accordance with the Borrower’s obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

**1.4 Method of Conversion.**

(a) **Mechanics of Conversion.** As set forth in Section 1.1 hereof, from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

The Holder shall be entitled to deduct \$500.00 from the conversion amount in each Notice of Conversion to cover Holder’s deposit fees associated with each Notice of Conversion. Any additional expenses incurred by Holder with respect to the Borrower’s transfer agent, for the issuance of the Common Stock into which this Note is convertible into, shall immediately and automatically be added to the balance of the Note at such time as the expenses are incurred by Holder.

If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where “Additional Principal” means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price.

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

(c) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

(d) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit Withdrawal Agent Commission ("DWAC") system.

(e) Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to action and/or inaction of the Borrower, the Borrower shall pay to the Holder \$2,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to quantify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 1.4(e) are justified.

**1.5 Concerning the Shares.** The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

**1.6 Effect of Certain Events.**

(a) **Effect of Merger, Consolidation, Etc.** At the option of the Holder, the sale, conveyance or disposition of all or substantially all of the assets of the Borrower, the effectuation by the Borrower of a transaction or series of related transactions in which more than 50% of the voting power of the Borrower is disposed of, or the consolidation, merger or other business combination of the Borrower with or into any other Person (as defined below) or Persons when the Borrower is not the survivor shall be deemed to be an Event of Default (as defined in Article III) pursuant to which the Borrower shall be required to pay to the Holder upon the consummation of and as a condition to such transaction an amount equal to the Default Amount (as defined in Article III). "Person" shall mean any individual, corporation, limited liability company, partnership, association, trust or other entity or organization.

(b) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges.

(c) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

1.7 Prepayment. Notwithstanding anything to the contrary contained in this Note, at any time during the periods set forth on the table immediately following this paragraph (the "Prepayment Periods"), the Borrower shall have the right, exercisable on not more than three (3) Trading Days prior written notice to the Holder of the Note to prepay the outstanding Note (principal and accrued interest), in full, in accordance with this Section 1.7. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than three (3) Trading Days from the date of the Optional Prepayment Notice. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to Holder, or upon the direction of the Holder as specified by the Holder in a writing to the Borrower (which shall direction to be sent to Borrower by the Holder at least one (1) business day prior to the Optional Prepayment Date). If the Borrower exercises its right to prepay the Note, the Borrower shall make payment to the Holder of an amount in cash equal to the percentage ("Prepayment Percentage") as set forth in the table immediately following this paragraph opposite the applicable Prepayment Period, multiplied by the sum of: (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x)!!!.Y.e (z) any amounts owed to the Holder pursuant to Section 1.4 hereof (the "Optional Prepayment Amount"). If the Borrower delivers an Optional Prepayment Notice and fails to pay the Optional Prepayment Amount due to the Holder of the Note within two (2) business days following the Optional Prepayment Date, the Borrower shall forever forfeit its right to prepay the Note pursuant to this Section 1.7.

Prepayment Period	Prepayment Percentage
1. The period beginning on the Issue Date and ending on the date which is sixty (60) days following the Issue Date.	120%
2. The period beginning on the date which is sixty-one (61) days following the Issue Date and ending on the date which is ninety (90) days following the Issue Date.	125%
3. The period beginning on the date that is ninety-one (91) day from the Issue Date and ending one hundred twenty (120) days following the Issue Date.	130%
4. The period beginning on the date that is one hundred twenty-one (121) day from the Issue Date and ending one hundred fifty (150) days following the Issue Date.	135%
5. The period beginning on the date that is one hundred fifty-one (151) day from the Issue Date and ending one hundred eighty (180) days following the Issue Date.	139%

After the expiration of one hundred eighty (180) days following the Issue Date, the Borrower shall have no right of prepayment.

## ARTICLE II. CERTAIN COVENANTS

2.1 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

## ARTICLE III. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

3.1 Failure to Pay Principal and Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity or upon acceleration and such breach continues for a period of five (5) days after written notice from the Holder.

3.2 Conversion and the Shares. The Borrower fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights. of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower's transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.3 **Breach of Covenants.** The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and such breach continues for a period of twenty (20) days after written notice thereof to the Borrower from the Holder.

3.4 **Breach of Representations and Warranties.** Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.5 **Receiver or Trustee.** The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 **Bankruptcy.** Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 **Delisting of Common Stock.** The Borrower shall fail to maintain the listing of the Common Stock on at least one of the OTC (which specifically includes the quotation platforms maintained by the OTC Markets Group) or an equivalent replacement exchange, the Nasdaq National Market, the Nasdaq Small Cap Market, the New York Stock Exchange, or the American Stock Exchange.

3.8 **Failure to Comply with the Exchange Act.** The Borrower shall fail to comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.9 **Liquidation.** Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 **Cessation of Operations.** Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

**3.11 Financial Statement Restatement.** The restatement of any financial statements filed by the Borrower with the SEC at any time after 180 days after the Issuance Date for any date or period until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

**3.12 Replacement of Transfer Agent.** In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

**3.13 Cross-Default.** Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements, after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements, in which event the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreement or hereunder. “Other Agreements” means, collectively, all agreements and instruments between, among or by: (1) the Borrower, and, or for the benefit of, (2) the Holder and any affiliate of the Holder, including, without limitation, promissory notes; provided, however, the term “Other Agreements” shall not include the related or companion documents to this Note. Each of the loan transactions will be cross-defaulted with each other loan transaction and with all other existing and future debt of Borrower to the Holder.

Upon the occurrence and during the continuation of any Event of Default specified in Section 3.1 (solely with respect to failure to pay the principal hereof or interest thereon when due at the Maturity Date), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the Default Sum (as defined herein). UPON THE OCCURRENCE AND DURING THE CONTINUATION OF ANY EVENT OF DEFAULT SPECIFIED IN SECTION 3.2, THE NOTE SHALL BECOME IMMEDIATELY DUE AND PAYABLE AND THE BORROWER SHALL PAY TO THE HOLDER, IN FULL SATISFACTION OF ITS OBLIGATIONS HEREUNDER, AN AMOUNT EQUAL TO: (V) THE DEFAULT SUM (AS DEFINED HEREIN); MULTIPLIED BY (Z) TWO (2). Upon the occurrence and during the continuation of any Event of Default specified in Sections 3.1 (solely with respect to failure to pay the principal hereof or interest thereon when due on this Note upon a Trading Market Prepayment Event pursuant to Section 1.7 or upon acceleration), 3.3, 3.4, 3.7, 3.8, 3.10, 3.11, 3.12, 3.13, and/or 3.14 exercisable through the delivery of written notice to the Borrower by such Holders (the “Default Notice”), and upon the occurrence of an Event of Default specified the remaining sections of Articles III (other than failure to pay the principal hereof or interest thereon at the Maturity Date specified in Section 3.1 hereof), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the greater of (i) 150% times the sum of (w) the then outstanding principal amount of this Note (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the “Mandatory Prepayment Date”) plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) (z) any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof (the then outstanding principal amount of this Note to the date of payment the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the “Default Sum”) or (ii) the “parity value” of the Default Sum to be prepaid, where parity value means (a) the highest number of shares of Common Stock issuable upon conversion of or otherwise pursuant to such Default Sum in accordance with Article I, treating the Trading Day immediately preceding the Mandatory Prepayment Date as the “Conversion Date” for purposes of determining the lowest applicable Conversion Price, unless the Default Event arises as a result of a breach in respect of a specific Conversion Date in which case such Conversion Date shall be the Conversion Date), multiplied by (b) the highest Closing Price for the Common Stock during the period beginning on the date of first occurrence of the Event of Default and ending one day prior to the Mandatory Prepayment Date (the “Default Amount”) and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

If the Borrower fails to pay the Default Amount within five (5) business days of written notice that such amount is due and payable, then the Holder shall have the right at any time, so long as the Borrower remains in default (and so long and to the extent that there are sufficient authorized shares), to require the Borrower, upon written notice, to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect.

#### ARTICLE IV. MISCELLANEOUS

**4.1 Failure or Indulgence Not Waiver.** No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

**4.2 Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

ALTERNUS ENERGY INC.  
One World Trade Center, Suite 8500  
New York, NY 10007  
Attn: Vincent Browne, Chief Executive Officer

If to the Holder:

[\*]

With a copy by fax only to (which copy shall not constitute notice):

[\*]

**4.3 Amendments.** This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

**4.4 Assignability.** This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

**4.5 Cost of Collection.** If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

**4.6 Governing Law.** This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

4.7 Purchase Agreement. By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

4.8 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on April 6, 2020

**ALTERNUS ENERGY INC.**

By: /s/ Joseph E. Duey  
Joseph E. Duey  
Chief Financial Officer

## SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the “Agreement”), dated as of April 6, 2020, by and between **ALTERNUS ENERGY INC.**, a Nevada corporation, with its address at One World Trade Center, Suite 8500, New York, NY 10007 (the “Company”), and [\*], a New York corporation, with its address at [\*] (the “Buyer”).

## WHEREAS:

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “1933 Act”); and

B. Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement a convertible note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of \$53,000.00 (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the “Note”), convertible into shares of common stock, \$0.001 par value per share, of the Company (the “Common Stock”), upon the terms and subject to the limitations and conditions set forth in such Note.

**NOW THEREFORE**, the Company and the Buyer severally (and not jointly) hereby agree as follows:

1. Purchase and Sale of Note.

a. Purchase of Note. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company such principal amount of Note as is set forth immediately below the Buyer’s name on the signature pages hereto.

b. Form of Payment. On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Note to be issued and sold to it at the Closing (as defined below) (the “Purchase Price”) by wire transfer of immediately available funds to the Company, in accordance with the Company’s written wiring instructions, against delivery of the Note in the principal amount equal to the Purchase Price as is set forth immediately below the Buyer’s name on the signature pages hereto, and (ii) the Company shall deliver such duly executed Note on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

c. Closing Date. Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Note pursuant to this Agreement (the “Closing Date”) shall be 12:00 noon, Eastern Standard Time on or about April 8, 2020, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the “Closing”) shall occur on the Closing Date at such location as may be agreed to by the parties.

2. Buyer's Representations and Warranties. The Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Note and the shares of Common Stock issuable upon conversion of or otherwise pursuant to the Note (such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer.

e. Legends. The Buyer understands that the Note and, until such time as the Conversion Shares have been registered under the 1933 Act; or may be sold pursuant to an applicable exemption from registration, the Conversion Shares may bear a restrictive legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) THE ISSUER OF SUCH SECURITIES RECEIVES AN OPINION OF COUNSEL TO THE HOLDER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY ACCEPTABLE TO THE ISSUER'S TRANSFER AGENT, THAT SUCH SECURITIES MAY BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS."

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The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to an exemption from registration without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not accept the opinion of counsel provided by the Buyer with respect to the transfer of Securities pursuant to an exemption from registration, such as Rule 144, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

**f. Authorization; Enforcement.** This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

**3. Representations and Warranties of the Company.** The Company represents and warrants to the Buyer that:

**a. Organization and Qualification.** The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

**b. Authorization; Enforcement.** (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note and the issuance and reservation for issuance of the Conversion Shares issuable upon conversion or exercise thereof) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. As of the date hereof, the authorized common stock of the Company consists of 1,500,000,000 authorized shares of Common Stock, \$0.001 par value per share, of which 82,892,601 shares are issued and outstanding. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable. .

d. Issuance of Shares. The Conversion Shares are duly authorized and reserved for issuance and, upon conversion of the Note in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the holder thereof.

e. No Conflicts. The execution, delivery and performance of this Agreement, the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance of the Conversion Shares) will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. “Material Adverse Effect” means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith.

f. SEC Documents; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “1934 Act”) (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “SEC Documents”). Upon written request the Company will deliver to the Buyer true and complete copies of the SEC Documents, except for such exhibits and incorporated documents. As of their respective dates or if amended, as of the dates of the amendments, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates or if amended, as of the dates of the amendments, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). The Company is subject to the reporting requirements of the 1934 Act.

g. Absence of Certain Changes. Since September 30, 2019, except as set forth in the SEC Documents, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

h. Absence of Litigation. Except as set forth in the SEC Documents, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

i. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyer. The issuance of the Securities to the Buyer will not be integrated with any other issuance of the Company’s securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

j. No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

k. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an “investment company” required to be registered under the Investment Company Act of 1940 (an “Investment Company”). The Company is not controlled by an Investment Company.

l. Breach of Representations and Warranties by the Company. If the Company breaches any of the representations or warranties set forth in this Section 3, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an Event of default under Section 3.4 of the Note.

4. COVENANTS.

a. Best Efforts. The Company shall use its best efforts to satisfy timely each of the conditions described in Section 7 of this Agreement.

b. Form D; Blue Sky Laws. The Company agrees to timely make any filings required by federal and state laws as a result of the closing of the transactions contemplated by this Agreement.

c. Use of Proceeds. The Company shall use the proceeds for general working capital purposes.

d. Expenses. At the Closing, the Company’s obligation with respect to the transactions contemplated by this Agreement is to reimburse Buyer’ expenses shall be \$3,000.00 for Buyer’s legal fees and due diligence fee.

e. Corporate Existence. So long as the Buyer beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company’s assets, except with the prior written consent of the Buyer.

f. Breach of Covenants. If the Company breaches any of the covenants set forth in this Section 4, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an event of default under Section 3.4 of the Note.

g. Failure to Comply with the 1934 Act. So long as the Buyer beneficially owns the Note, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

5. **Transfer Agent Instructions.** The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the Conversion Shares in such amounts as specified from time to time by the Buyer to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to this Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount as such term is defined in the Note) signed by the successor transfer agent to Company and the Company. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to an exemption from registration, all such certificates shall bear the restrictive legend specified in Section 2(e) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for Conversion Shares to be issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and/or this Agreement. If the Buyer provides the Company and the Company's transfer, at the cost of the Buyer, with an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. **Conditions to the Company's Obligation to Sell.** The obligation of the Company hereunder to issue and sell the Note to the Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

- a. The Buyer shall have executed this Agreement and delivered the same to the Company.
- b. The Buyer shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

**7. Conditions to The Buyer's Obligation to Purchase.** The obligation of the Buyer hereunder to purchase the Note at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Buyer.

b. The Company shall have delivered to the Buyer the duly executed Note (in such denominations as the Buyer shall request) in accordance with Section 1(b) above.

c. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to the Buyer, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer including, but not limited to certificates with respect to the Board of Directors' resolutions relating to the transactions contemplated hereby.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

g. The Conversion Shares shall have been authorized for quotation on an exchange or electronic quotation system and trading in the Common Stock on such exchange or electronic quotation system shall not have been suspended by the SEC or an exchange or electronic quotation system.

h. The Buyer shall have received an officer's certificate described in Section 3(d) above, dated as of the Closing Date.

**8. Governing Law; Miscellaneous**

a. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of New York or in the federal courts located in the state and county of Nassau. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. The Company and Buyer waive trial by jury. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement, the Note or any related document or agreement by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

c. **Headings.** The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. **Severability.** In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. **Entire Agreement; Amendments.** This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the majority in interest of the Buyer.

f. **Notices.** All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be as set forth in the heading of this Agreement with a copy by fax only to (which copy shall not constitute notice) to [\*]. Each party shall provide notice to the other party of any change in address.

g. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from the Buyer or to any of its "affiliates," as that term is defined under the 1934 Act, without the consent of the Company.

h. **Survival.** The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

i. **Further Assurances.** Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

k. **Remedies.** The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

**ALTERNUS ENERGY INC.**

By: /s/ Vincent Browne  
Vincent Browne  
Chief Executive Officer

[\*]

By: \_\_\_\_\_  
Name: [\*]  
Title: Chief Executive Officer

AGGREGATE SUBSCRIPTION AMOUNT:

Aggregate Principal Amount of Note:	\$ 53,000.00
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Aggregate Purchase Price:	\$ 53,000.00
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**ALTERNUS ENERGY INC.**  
**LIST OF SUBSIDIARIES**

<b>Subsidiary</b>	<b>Jurisdiction of Incorporation</b>
Power Clouds SRL	Romania
F.R.A.N. Energy Investment SRL	Romania
AE Europe B.V.	Netherlands
PC-Italia-01 S.R.L.	Italy
PC-Italia-02 S.p.A.	Italy
Sant'Angelo Energia S.r.l.	Italy
PCG_HoldCo GmbH	Germany
PCG_GP UG	Germany
PSM 20 UG & Co. KG	Germany
PSM 40 UG &n Co. KG	Germany
GRK 17.2 GmbH & Co KG	Germany
GRT 1.1 GmbH & Co KG	Germany
ALTN HoldCo UG	Germany
Alternus Energy International Ltd.	Ireland
CIC Rooftop 2 S.r.l.	Italy
CIC RT Treviso S.r.l.	Italy
SPV White One S.r.l.	Italy
CTS Power 2 S.r.l.	Italy
AEN 01 B.V.	Netherlands
Zonnepark Rilland B.V.	Netherlands

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Vincent Browne, certify that:

- i. I have reviewed this report on Form 10-K of Alternus Energy Inc.;
- ii. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- iii. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- iv. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) for the registrant and have:
  - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - B. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - C. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- v. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - A. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 2, 2020

By: */s/ Vincent Browne*  
Vincent Browne  
Chief Executive Officer

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a)  
UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph E. Duey, certify that:

- i. I have reviewed this report on Form 10-K of Alternus Energy Inc.;
- ii. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- iii. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- iv. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a — 15(e) and 15d — 15(e)) for the registrant and have:
  - A. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - B. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - C. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- v. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - A. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - B. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 2, 2020

By: */s/ Joseph E. Duey*  
Joseph E. Duey  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Alternus Energy Inc. (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vincent Browne, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 2, 2020

By: */s/ Vincent Browne*  
Vincent Browne  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Alternus Energy Inc. (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph E. Duey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

October 2, 2020

By: */s/ Joseph E. Duey*  
Joseph E. Duey  
Chief Financial Officer

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**APPENDIX D**

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH  
PERIOD ENDED 31 MARCH 2021**



# Q1'2021

Unaudited Consolidated  
Financial Statements  
As at March 31, 2021



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## 1. <sup>1</sup>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€000's)	Note	Quarter Ended 31 March 2021
Revenue	4	700
Cost of sales		(108)
<b>Gross profit</b>		<b>591</b>
General and administration		(489)
Depreciation	10	(426)
Amortisation	9	(96)
<b>Operating profit/(loss)</b>		<b>(421)</b>
Financial forgiveness <sup>2</sup>	5	4,001
Bargain purchase <sup>3</sup>	5	392
Finance costs	6	(4,211)
<b>Profit/(loss) on ordinary activities before taxation</b>	8	<b>(240)</b>
Income tax		-
<b>Profit/(loss) for the financial year</b>		<b>(240)</b>
<b>Other comprehensive income for the year:</b>		
Foreign exchange differences on translation of operations of foreign subsidiaries and branches		(169)
<b>Total comprehensive (loss) income for the year attributable to the owners of the Group</b>		<b>(71)</b>

<sup>1</sup> All results are in respect of continuing operations.

The notes on pages 6 to 32 are an integral part of these financial statements.

<sup>2</sup> **Debt Forgiveness**

FRS 9, 'Financial Instruments', outlines the accounting for financial indebtedness of a business. When a debt is cancelled or forgiven, an adjusting entry must be made on the company books to reflect the cancellation as income. It is usually done by debiting (reducing) debts payable on the balance sheet and crediting (increasing) an income entry on the profit and loss statement.

The debt forgiveness recorded in Q1'21 arose from the settling of the €13m loan note issued by the Company to a third-party lender as part of the transaction to acquire Lucas EST S.r.l. and Ecosfer Energy S.r.l. in Romania. The third-party lender agreed to settle the note for a total payment of €9m for the early payment of the note.

<sup>3</sup> **Bargain Purchase**

FRS 3 'Business Combinations', outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. A bargain purchase occurs when businesses are acquired for less than fair market value. In a bargain purchase business combination, a corporate entity is acquired by another for an amount that is less than the fair market value of its net assets. Current accounting rules for business combinations require the acquirer to record the difference between the fair value of the acquired net assets and the purchase price as a gain on its income statement due to negative goodwill.



## 2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€000's)	Notes	As at 31 March 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	9	3,776
Property, plant and equipment	10	<u>65,952</u>
		<b><u>69,728</u></b>
<b>Current assets</b>		
Trade and other receivables	11	3,356
Restricted Cash	12	76,378
Cash and cash equivalents	12	<u>18,056</u>
		<b><u>97,790</u></b>
<b>Total Assets</b>		<b><u>167,518</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	13	6,489
Borrowings – Short Term	16	<u>14,746</u>
		<b><u>122,663</u></b>
<b>Total liabilities</b>		<b><u>143,898</u></b>
<b>Capital and reserves</b>		
Ordinary share capital presented as equity	14	236
Share premium account	14	38,999
Foreign exchange reserve	14	(30)
Retained earnings		<u>(15,585)</u>
<b>Total equity</b>		<b><u>23,620</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>167,518</u></b>

<sup>4</sup> The notes on pages 6 to 32 are an integral part of these financial statements.



### 3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary Shares	Ordinary Shares A/C	Additional Paid in Capital (€000's)	FX <sup>5</sup> Reserves Arising on Translation	Retained Earnings	Total
At 1 January, 2021	9,481	95	12,786	(199)	(15,346)	(2,664)
Issuance of Euro 27M Equity, Net	13,905	139	25,501	-	-	25,640
Note Conversion	225	2	713	-	-	715
Unrealized Loss on Currency Translation	-	-	-	169	-	169
Loss for The Year	-	-	-	-	(240)	(240)
At 31 March, 2021	23,611	236	38,999	(30)	(15,585)	23,620 <sup>6</sup>

<sup>5</sup> FX = Foreign Exchange

<sup>6</sup> All amounts are attributable to the equity holders of the Group.

The notes on pages 6 to 32 are an integral part of these financial statements.



#### 4. CONSOLIDATED STATEMENT OF CASH FLOW

##### Cash Flows from Operating Activities

(€000's)

Quarter Ended  
31 March 2021

Group profit/(loss) after tax	(240)
-------------------------------	-------

##### Adjusted for:

Finance forgiveness	(4,001)
Bargain purchase	(392)
Depreciation	523
Amortisation	530
Movement in trade and other receivables	(30)
Movement in trade and other payables	(7,850)
Movement in prepayments and other assets	8,655
Share-based payment expense	<u>65</u>

<b>Net cash flows generated from operating activities</b>	<u>(2,739)</u>
-----------------------------------------------------------	----------------

##### Cash flows from investing activities

Cash paid for acquisition of subsidiaries	(27,867)
Cash used for construction in process	<u>(217)</u>

<b>Net cash used in investing activities</b>	<u>(28,084)</u>
----------------------------------------------	-----------------

##### Cash flow from financing activities

Proceeds from issuance of share capital, net	25,640
Proceeds from issuance of debt, net	98,175

<b>Net cash generated from/ (used in) financing activities</b>	<u>123,814</u>
----------------------------------------------------------------	----------------

<b>Effect of exchange rate on cash</b>	18
----------------------------------------	----

<b>Net increase in cash and cash equivalents</b>	93,008
--------------------------------------------------	--------

<b>Cash and cash equivalents at the beginning of the period</b>	<u>1,426</u>
-----------------------------------------------------------------	--------------

<b>Cash and cash equivalents at the end of the period</b>	<u>94,434</u>
-----------------------------------------------------------	---------------



## 5. NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2021

### I. General Information

Alternus Energy Group Plc ("We", "ALTN" or the "Company" and together with its consolidated subsidiaries, the "Group") was incorporated in Dublin, Ireland on January 31, 2019 under the name Alternus Energy International Limited. On October 20, 2020 the Company re-registered as a PLC and changed its name to Alternus Energy Group PLC.

Alternus Energy Group (NOTC: ALT) is a fast-growing pan-European independent power producer ("IPP"), headquartered in Ireland, with a focus on the midsized utility solar PV market. Alternus owns and operates a diverse portfolio of utility scale solar PV parks that connect directly to national power grids on long-term government contracts ("FIT") and/or Power Purchase Agreements ("PPAs") with investment grade off-takers. Having started in 2016 with two parks and 6 MWp capacity, the current portfolio consists of 39 owned or contracted parks in Germany, Italy, Netherlands, Romania and Poland in excess of 140 MWp capacity. Alternus works closely with both local and international specialist development partners that each provide a constant pipeline of new projects for acquisition by Alternus. Alternus aims to own and operate over 2 GWs of solar parks by the end of 2025 and to become one of the largest pan-European IPPs by the end of the decade.

### II. Summary Of Significant Accounting Policies

#### a. Basis of financial statements

##### Compliance with IFRS, new standards and interpretation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the IFRS Interpretations Committee ('IFRS IC') applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board and as adopted by the EU, and the Companies Act 2014.

There are no changes to IFRS which became effective for the Group during the financial year which resulted in material changes to the financial statements.

##### Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

##### Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

On 14 May 2020, the IASB issued 'Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary



for it to be capable of operating in the manner intended by management.

It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

#### Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items.

They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least 12 months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability.
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

#### **Historical cost, presentation currency and going concern.**

The consolidated financial statements have been prepared on the historical cost basis, except where described otherwise in the policies below. The consolidated financial statements of the Group and the financial statements of the Company are presented in Euro ('€') which is also the functional currency of the Group and Company.

#### **Management has prepared projections and forecasts for the Group.**

These include consideration of revenue growth, funding and finance facilities in place, and cash reserves held. On this basis, the Directors consider that it is appropriate to prepare the consolidated financial statements on the going concern assumption.

#### **Exemption from preparing Company statement of comprehensive income.**

In accordance with Section 304 of the Companies Act 2014 the Company is availing of the exemption from presenting its individual statement of comprehensive income to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the Quarter to 31 March 2021 was €239,770.



## b. Basis of consolidation

The financial statements of the Group incorporate the financial statements of the Company (the parent) and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

- has the power over the subsidiary entity
- is exposed, or has rights, to variable returns from its involvement with the subsidiary entity; and
- has the ability to use its power to affect those returns.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to their control. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- potential voting rights held by the Company, other vote holders or other parties.
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Intra-Group assets and liabilities, equity, income, expenses and cash flows relating to intra-Group transactions are eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

## c. Revenue recognition

The Company derives revenues through its subsidiaries from the sale of electricity and the sale of solar renewable energy credits. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity is generated by the solar energy facility and delivered to the grid at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth in long-term contracts.



#### d. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability for operating leases is based on the net present value of future minimum lease payments. The right of use asset for operating leases is based on the lease liability. The right-of-use asset comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', and lease liabilities in trade and other payables in the statement of financial position. The movement of right-of-use of the assets of the Group is disclosed in Notes 11 and 12 to the Consolidated Financial Statements.

#### **Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of offices and licences that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



### **Lease modifications**

The Group as lessee accounts for a lease modification as a separate lease if both:

- a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group as lessee:

- (a) allocates the consideration in the modified contract.
- (b) determines the lease term of the modified lease; and
- (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined; or the Group's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group as lessee accounts for the remeasurement of the lease liability by:

- (a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease; or
- (b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

### **e. Foreign currencies**

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of comprehensive income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains, and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the statement of comprehensive income in the



period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

#### f. **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

#### g. **Income tax**

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.



Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **h. Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs, and borrowing costs capitalised.

##### **Depreciation**

Depreciation is calculated using the straight-line method to write off the cost of property, plant and equipment over their expected useful lives.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

##### **Subsequent additions**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.



The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

### **Asset Retirement Obligations**

In connection with the acquisition or development of solar energy facilities, the Company may have the legal requirement to remove long-lived assets constructed on leased property and to restore the leased property to its condition prior to the construction of the long-lived assets. This legal requirement is referred to as an asset retirement obligation (ARO). If the Company determines that an ARO is required for a specific solar energy facility, the Company records the present value of the estimated future liability when the solar energy facility is placed in service. AROs recorded for owned facilities are recorded by increasing the carrying value of investment in energy property and depreciated over the solar energy facility's useful life, while an ARO recorded for a leasing arrangement is accounted for as a liability in the initial period recognized and amortized over the term of the solar energy facility's useful life. After initial recognition of the liability, the Company accretes the ARO to its future value over the solar energy facility's useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

#### **i. Financial assets**

##### **Investments in subsidiary companies**

Investments in subsidiary companies are reflected in the separate financial statements of the parent Company. Investments in subsidiaries are stated at cost less accumulated impairment losses.

#### **j. Impairment of tangible and intangible assets**

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in the statement of comprehensive income; unless the relevant asset is carried at a revalued amount, in which case the impairment loss is first treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **k. Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

### **Financial assets**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.



### **Loans and receivables**

The Group's loans and receivables comprise trade and other receivables, amounts due from contract customers, bank balances and fixed deposits.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### **Impairment of financial assets**

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses ('ECL') for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate. When there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date; except for assets for which a simplified approach was used.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default.
- b) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for the proceeds receivable.



## **Financial liabilities and equity**

### **Classification of debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### **Ordinary share capital**

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

### **Other financial liabilities**

#### **Trade and other payables**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

#### **Borrowings**

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

#### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

## **I. Provisions and contingencies**

### **Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.



Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### **Contingencies**

Contingent liabilities, arising because of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### **m. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

#### **n. Related party transactions**

Related party transactions are disclosed in accordance with IAS 24 Related Party Disclosures and the Companies Act 2014.



### III. Significant Accounting Judgements, Estimates And Assumptions

In preparing these financial statements, the Group and Company make judgements, estimates and assumptions concerning the future that impact the application of policies and reported amounts of assets, liabilities, income, and expenses.

The resulting accounting estimates calculated using these judgements and assumptions are based on historical experience and expectations of future events and may not equal the actual results. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised prospectively.

#### Critical judgements made in applying the Group's and Company's accounting policies.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements are set out below:

##### **Fair value assessment of acquired assets:**

The fair value of the purchase consideration is valued based on a discounted cash flow over the life of the assets. The company uses estimates of future revenues and expenses to determine the fair value. The purchase price allocation was based, in part, on management's current knowledge of the project and the results of a fair value assessment that the Company performed.



## IV. Revenue

	March 31, 2021 (€000's)
<b><u>Net Revenue, by Offtake Type</u></b>	
Country Renewable Programs	596
Energy Offtake Agreements	104
<b>Total</b>	<b>700</b>

	March 31, 2021 (€000's)
<b><u>Revenue by Country</u></b>	
Italy	346
Netherlands	180
Romania	157
Germany	17
<b>Total Revenue by Country</b>	<b>700</b>

### Segment information

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments. The Board assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed based on a single segment.

### Major customers

Three individual external customers each account for over 10% of the Group's revenue, as follows:

	March 31, 2021 (€000's)
<b><u>Top 3 customers</u></b>	
Client 1	279
Percentage of Total Revenue	40%
Client 2	156
Percentage of Total Revenue	22%
Client 3	135
Percentage of Total Revenue	19%



## V. Other Income

<u>Other Income</u>	<b>March 31, 2021</b> (€000's)
Bargain Purchase	392
Bank Charges and Interest	(4,211)
Forgiveness of Loan	4,001
<b>Total Other Income</b>	<b>181</b>

## VI. Finance Cost

<u>Finance Costs</u>	<b>March 31, 2021</b> (€000's)
Bank Charges and Interest	(4,211)
Forgiveness of Loan	4,001
<b>Total of Finance Costs</b>	<b>(211)</b>

## VII. Profit/(Loss) On Ordinary Activities Before Taxation

<u>The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):</u>	<b>March 31, 2021</b> (€000's)
Amortisation (Note 9)	96
Depreciation (Note 10)	426

## VIII. Acquisitions

In December of 2020, a new wholly owned subsidiary in Ireland, Solis Bond Company DAC, was incorporated to issue a series of bonds and hold the Group's European operating companies that are financed using those bonds. During the quarter ended March 31, 2021, Solis refinanced its Italian, Netherlands, and Romanian operating companies: PC-Italia-02 SpA, CTS Power 2 Srl, CIC Rooftop 2 Srl, SPV White One Srl, CIC RT Treviso Srl, Zonnepark Rilland B.V., FRAN Energy Investments Srl, and Power Clouds Srl.

Also, during the quarter ended March 31, 2021, Solis acquired 100% of the share capital of the following Romanian companies: Ecosfer Energy Srl, Lucas EST Srl. During the quarter ended March 31, 2021, Solis acquired 100% of the share capital of another Italian company, Serre Srl. Subsequently, in April of 2021, Solis acquired 100% of the share capital of another Romanian company, LIG Green Source Energy Beta Srl.

ROMANIAN ACQUISITIONS	ECOSFER	LUCAS
	March 31, 2021	March 31, 2021
Cost of Acquisition	(€000's)	(€000's)
Purchase Price per SPA	14,604	9,322
Net Working Capital Reference Date	2,905	1,841
<b>Total Acquisition Cost</b>	<b>17,510</b>	<b>11,164</b>
<hr/>		
Fair Value of Assets Acquired		
NPV of DCF - Energy Asset	14,790	9,147
Net Working Capital Adjusted	1,459	977
Net Change in Working Capital	(304)	(92)
	<b>15,945</b>	<b>10,052</b>
<b>Goodwill</b>	<b>1,564</b>	<b>1,112</b>
<b>Weighted Average Cost of Capital</b>	<b>7.10%</b>	<b>7.10%</b>
<hr/>		
In July of 2020, a new wholly owned subsidiary in Italia, PC-Italia-03 Srl, was incorporated. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2021, this company completed the acquisition of 100% of the share capital of two Italian SPVs, KKSOL S.r.l. and Petriolo Fotovoltaica S.r.l.		
ITALIAN ACQUISITIONS	KKSOL & PETRIOLO	SERRE
	March 31, 2021	March 31, 2021
Cost of Acquisition	(€000's)	(€000's)
Purchase Price per SPA	2,153	2,214
Net Working Capital	389	485
Incremental Lease Buyout Costs	310	-
Less Leakages / Adjustments	(248)	(400)
<b>Total Acquisition Cost</b>	<b>2,604</b>	<b>2,299</b>
<hr/>		
Fair Value of Assets Acquired		
NPV of DCF - Energy Asset	2,401	2,132
Net Working Capital	389	485
Less: Cash Acquired at Closing	-	(113)
	<b>2,791</b>	<b>2,504</b>
<b>Bargain Purchase</b>	<b>(186)</b>	<b>(205)</b>
<b>Weighted Average Cost of Capital</b>	<b>7.10%</b>	<b>7.10%</b>



## IX. Intangible Assets

	March 31, 2021 (€000's)
<b>Intangible Assets</b>	
Goodwill	3,777
<b>Total Intangible Assets</b>	<b>3,777</b>

## X. Property, Plant And Equipment

	March 31, 2021 (€000's)
<b>Property, Plant and Equipment</b>	
Less Accumulated Depreciation and Amortization	(4,386)
Construction in process	7,706
Right of Use asset, Leases	1,881
<b>Total Property, Plant and Equipment</b>	<b>65,952</b>

## XI. Trade And Other Receivables

The carrying amounts of trade receivables and other receivables approximate their fair value largely due to the short-term maturities and nature of these instruments. All trade receivables are due within the Group's and Company's normal terms, which is 30 days.

	March 31, 2021 (€000's)
<b>Trade and Other Receivables</b>	
Trade Receivables	696
Prepayments	1,443
Value added tax recoverable	1,217
<b>Total Trade and Other Receivables</b>	<b>3,356</b>

## XII. Cash And Cash Equivalents

	March 31, 2021 (€000's)
<b>Cash and Cash Equivalents</b>	
Cash and Cash Equivalent	18,056
Restricted Cash	76,378
<b>Cash and Cash Equivalent</b>	<b>94,434</b>



## XIII. Trade And Other Payables

### Trade and other payables

The carrying amounts of trade and other payables approximate their fair value largely due to the short-term maturities and nature of these instruments. The repayment terms of trade payables vary between on demand and 30 days. No interest is payable on trade payables.

### Accruals

The terms of the accruals are based on underlying invoices.

<u>Trade and Other Payables</u>	<b>March 31, 2021</b> (€000's)
Trade Payables	2,280
Accruals	4,069
Asset Retirement obligation	140
<b>Total Trade and Other Payables</b>	<b>6,489</b>

## XIV. Called Up Share Capital

<u>Called up Share Capital</u>	<b>March 31, 2021</b> (€000's)
100,000,000 Authorized, 23,611,356 outstanding ordinary shares of € 0.01 par value each:	236
Share Premium Amount	38,999

## XV. Reserves

### Share premium.

The share premium reserve represents the premium on issue of the ordinary shares.

### Foreign exchange reserve

The foreign exchange reserve represents gains/losses arising on retranslating the net assets of overseas operations into Euro.

### Retained earnings.

The retained earnings represent cumulative gains and losses recognised, net of transfers to/from other reserves and dividends paid.



## XVI. Bank Loans

<b>Debt Summary</b>	<b>March 31, 2021</b> <b>(€000's)</b>
Short term line of credit	30
Convertible Debt - secured	9,000
Convertible notes related parties	202
Senior secured debt	120,893
Promissory notes	11,606
Gross debt	141,731
Debt discount	(4,321)
<b>Total Long Term and Short-Term Debt</b>	<b>137,410</b>

### Line of Credit:

The credit line is a revolving credit facility available for the payment of trade payables up to the agreed limit. The term is twelve months which was renewed by agreement of both parties. Drawn funds accrue interest annually at a rate of the Romania Central Bank Rate (ROBOR) 3M + 3.5%, which was 5.5% as of March 31, 2021. The Company had used €30,443 of the facility as of March 31, 2021. The facility was paid off in April 2021.

### Related Party Convertible Note:

In February of 2019, the terms under which all cash previously loaned by VestCo Corp., a company owned and controlled by the Company's CEO, to the Company to date was amended and restated as follows: i) a convertible promissory note with a 15% OID, and therefore having a Principal Amount of €248,567 having a two year term, having a call option right for the noteholder, a redemption right for the Corporation, and convertible at €3.33 per share, and ii) a warrant to purchase up to 37,170 shares of the Corporation's ordinary shares, exercisable at €3.62 per share or through its cashless exercise provision and having a 4 year term. The Company had principal outstanding of €201,556 as of March 31, 2021.

### Promissory Notes:

In 2020, the Company guaranteed a 5.5 million RON (equivalent to approximately €1.2 million) promissory note issued by one of its subsidiaries, Power Clouds S.R.L., a Romanian company ("Power Clouds Romania") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of €1,051,112 as of March 31, 2021. This note was repaid in April 2021.

In 2020, the Company guaranteed a 3.5 million RON (equivalent to approximately €754,551) promissory note issued by one of its subsidiaries, FRAN Energy Investments S.R.L., a Romanian company ("FRAN") to OTP Bank in Romania, which is secured in first position against the Romanian solar parks and customer contracts held by Power Clouds Romania, accruing interest annually at a rate of ROBOR 3M + 3.5% and having a term of 120 months. The Company had principal outstanding of €668,889 as of March 31, 2021. This note was repaid in April 2021.

In October of 2018, in order to complete additional solar park acquisitions in Germany, one of the Company's subsidiaries, Altam Inc., entered into the following agreements with a third party accredited investor (the "Lender"), in connection with one of the Company's indirect German subsidiaries, PCG\_HoldCo UG (PCG), with an interest rate of 12% and a term of 2 years. Altam had principal outstanding of €3,197,005 as of March 31, 2021.



In December of 2018, PSM 20 GmbH & Co KG entered a senior secured loan with Sparkasse Bank in Germany. This relates to the acquisition of 7 photovoltaic installations as part of the PSM 20 GmbH & Co KG acquisition with an interest rate of 2.10% and a term of 18 years. PSM 20 had principal outstanding of €1,977,531 as of March 31, 2021.

In April of 2018, PSM 40 GmbH & Co KG entered a senior secured loan with GLS Bank in Germany. This relates to the acquisition of 6 photovoltaic installations as part of the PSM 40 GmbH & Co KG acquisition with an interest rate of 2.0% and a term of 18 years. PSM 40 had principal outstanding of €2,130,076 as of March 31, 2021.

In January of 2020, GRT 1.1 GmbH entered a senior secured loan with DKB Bank in Germany. This relates to the acquisition of 1 photovoltaic installation as part of the GRT GmbH acquisition, with an interest rate of 2.05% and a term of 19 years. GRT 1.1 had principal outstanding of €663,671 as of March 31, 2021.

In December of 2018, in order to complete additional solar park acquisitions in Italy, one of the Company's subsidiaries, Altam, entered into an agreement with a third-party accredited investor (the "Lender"), in connection with Altam's German subsidiary, PCG\_HoldCo UG (PCG) issuing a loan note, with an interest rate of 12% and a term of 6 months. Altam had principal outstanding of €450,000 as of March 31, 2021. This note was repaid in April 2021.

In March of 2019, in order to complete additional solar park acquisitions in Italy, Altam entered into certain loan agreement with a third-party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, AE Europe B.V, with an interest rate of 12% and a term of twelve months. The proceeds of which were used to pay down existing senior secured debt. Altam had principal outstanding of €1,830,000 as of March 31, 2021. This note was repaid in April 2021.

In June of 2019, Altam, entered into certain agreements with a third-party accredited investor (the "Lender"), in connection with the Company's Netherlands subsidiary, AE Europe B.V, with an interest rate of 7.5% until October of 2019 and then 10% thereafter and a term of ten months. The proceeds of which were used to pay down existing senior secured debt. Altam had principal outstanding of €8,628,000 as of March 31, 2021. This note was April repaid in 2021.

In February of 2020, Altam entered into a Securities Purchase Agreement with another accredited investor (the "Lender"), in connection with an investment of €89,523, and accruing 10% interest per annum.

In April of 2020, Altam entered into a Securities Purchase Agreement with an accredited investor in connection with an investment of €45,187, and accruing 10% interest per annum.

In January 2021, the Company approved the issuance by one of its subsidiaries, Solis Bond Company DAC, of a series of bonds in the maximum amount of €200 million a bond term agreement of 3 years at 6.5% interest rate. The bond was used for refinancing existing facilities and funding new acquisitions. As of March 31, 2021 there was €110 million outstanding on the bond.

In March of 2021, the Company entered into €9 million secured convertible loan notes (the "Notes"). The Notes have a 3-year term and accrues annual interest at a 10% fixed rate, payable in cash every six months during the term. The Notes are secured by a floating charge security over all of the property and assets of the Company, with the exception of the AEG ownership of Solis Bond Co DAC, as was the case with the existing note being settled. All outstanding principal plus a premium of 120% is due 3 years from the date of issuance. The Company is entitled, at its sole option, to prepay the notes at a reduced premium of 110% on the second anniversary of the issuance. Between 31 August



2021 and 9 March 2023, the holders have the option to convert up to a total of 50% of the principal amount of the notes into shares of the Company's ordinary shares at a price of €4.00 per share which would see the Company issue 1,125,000 shares if exercised. If at any time, the market price of the Company's ordinary shares is greater than €8.00 per share for 30 consecutive trading days, the Company is entitled to prepay the notes at 110% premium for any unconverted capital.

## XVII. Commitments And Contingencies

a) Capital commitments.

At the year end the Group had no capital commitments.

b) Contingent liabilities

At the year end the Group had no contingent liabilities.

c) Lease commitments

The Group has total future minimum lease payments under non-cancellable lease commitments as follows:

## XVIII. Lease Liabilities

<u>Right of Use Asset</u>	<b>March 31, 2021</b>
	<b>(€)</b>
Current Portion	86,772
Long Term Portion	1,794,552
2021	167,842
2022	223,789
2023	223,789
2024	223,789
2025	223,446
Thereafter	2,155,329
<b>Total Future Lease Payments</b>	<b>3,273,932</b>
Less: Imputed Interest	(1,392,607)
Present Value of Future operating Leases	1,881,324
Less Current Portion of Long-Term Leases	(86,772)
<b>Operating Leases Net of Current Portion</b>	<b>1,794,552</b>
<b>Right of Use Assets, operating lease net</b>	<b>1,881,324</b>

The lease liability for operating leases is based on the net present value of future minimum lease payments. The right of use asset for operating leases is based on the lease liability.

The Group's leases include rental of office spaces for business use and right-of-use licences. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental repayments. The lease terms



range from two to 25 years depending on the term set in the contract.

The right-of-use asset of licences is classified as 'intangible assets', while the right-of-use asset of office rentals is classified as 'property, plant and equipment'. The movement in the carrying amount of the right-of-use assets of the Group at the start and end of each reporting period is disclosed in Notes 10 and 11 to the Consolidated Financial Statements.

## XIX. Subsidiary Undertakings

The Company has the following subsidiary undertakings; all subsidiaries are wholly owned, and all shareholdings are in ordinary shares.

### **AE Europe B.V. (formerly Power Clouds Europe B.V.)**

In August of 2016, a new wholly owned subsidiary in the Netherlands, AE Europe B.V. (formerly named Power Clouds Europe B.V.) was incorporated to ultimately hold the Group's European operating companies and sub-holding companies as appropriate.

### **PC-Italia-01 S.R.L. (Formerly Power Clouds Wind Italia S.R.L.)**

In June of 2015, a company in Italy, PC-Italia-01 S.R.L. (formerly named Power Clouds Wind Italia S.R.L.) was incorporated to acquire the Group's Italian special purpose vehicles (SPVs), power plants and / or other assets located in Italy.

### **PC-Italia-02 S.p.A. (Formerly PC-Italia-02 S.R.L.)**

In August of 2016, a new company in Italy, PC-Italia-02 SRL was incorporated as a wholly owned subsidiary of AE Europe B.V. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2017, this company completed the acquisition of the Sant'Angelo Energia S.r.l. in Italy which operates a 702kW PV solar park. Subsequently, in April of 2019, PC-Italia-02 acquired four additional SPVs in Italy, CIC Rooftop 2 S.r.l., CIC RT Treviso S.r.l., SPV White One S.r.l., CTS Power 2 S.r.l.

### **PCG\_HoldCo GmbH & PCG\_GP UG**

In June of 2018, one of the Company's subsidiaries acquired 100% of the share capital of two companies in Germany which were renamed as PCG\_HoldCo GmbH and PCG\_GP UG immediately thereafter. These two companies were acquired in order to acquire German special purpose vehicles, PV solar parks and/or other assets located in Germany. During the year ended December 31, 2018, PCG\_HoldCo completed the acquisitions of 4 SPVs in Germany, PSM 20 GmbH & Co KG, GRK 17.2 GmbH & Co KG, GRT 1.1 GmbH and PSM 40 GmbH & Co KG. In December of 2018, one of the Company's subsidiaries acquired 100% of the share capital of another company in Germany which was renamed to ALTN HoldCo UG.

### **Alternus Energy International Limited**

In March of 2019, a new wholly owned subsidiary in Ireland, Alternus Energy International Limited, was incorporated to establish our European operations center. This company became the parent company of Group after the Reorganization in December of 2019.

### **AEN 01 B.V.**



In June of 2019, a new wholly owned subsidiary in the Netherlands, AEN 01 B.V., was incorporated to acquire Netherlands special purpose vehicles (SPVs), project rights and other solar energy assets in the Netherlands. During the quarter ended December 31, 2019, this company completed the acquisition of Zonnepark Rilland B.V. in the Netherlands, which operates a 11.75MW PV solar park.

In July, the Group incorporated 3 new wholly owned subsidiaries, one in the Netherlands, AEN 02 B.V, and two in Italy, PC-Italia-04 Srl, which is wholly owned by AEN 02 BV, and PC-Italia-03 Srl, which is wholly owned by Alternus Energy International Ltd. These companies were incorporated to acquire various special purpose vehicles (SPVs), project rights and other solar energy assets in various locations across Europe.

#### **Solis Bond Company Designated Activity Company (DAC)**

In December of 2020, a new wholly owned subsidiary in Ireland, Solis Bond Company DAC, was incorporated to issue a series of bonds and hold the Group's European operating companies that are financed through the use of those bonds. During the quarter ended March 31, 2021, Solis refinanced its Italian, Netherlands and Romanian operating companies: PC-Italia-02 SpA, CTS Power 2 Srl, CIC Rooftop 2 Srl, SPV White One Srl, CIC RT Treviso Srl, Zonnepark Rilland B.V., FRAN Energy Investments Srl, and Power Clouds Srl. Also, during the quarter ended March 31, 2021, Solis acquired 100% of the share capital of the following Romanian companies: Ecosfer Energy Srl, Lucas EST Srl. During the quarter ended March 31, 2021, Solis acquired 100% of the share capital of another Italian company, Serre Srl. Subsequently, in April of 2021, Solis acquired 100% of the share capital of another Romanian company, LJG Green Source Energy Beta Srl.

#### **PC-Italia-03 Srl**

In July of 2020, a new wholly owned subsidiary in Italia, PC-Italia-03 Srl, was incorporated. This company was incorporated to acquire Italian special purpose vehicles, power plants and/or other assets located in Italy. During the quarter ended March 31, 2021, this company completed the acquisition of 100% of the share capital of two Italian SPVs, KKSOL S.r.l. and Petriolo Fotovoltaica S.r.l.

In summary, Alternus Energy Group Plc is a holding company that operates through the following Twenty-Nine operating subsidiaries as of March 31, 2021:

Subsidiary	Principal Activity	Date Acquired / Established	ALTN Ownership	Country of Operation
Power Clouds SRL	SPV	March 31, 2015	100% (via Solis)	Romania Solar Operating Park
F.R.A.N. Energy Investment SRL	SPV	March 31, 2015	100% (via Solis)	Romania Solar Operating Park
AE Europe B.V.	Holding Company	August 2016	100% (via Altam)	Netherlands Holding Company
PC-Italia-01 S.R.L.	Sub-Holding	June 2015	100% (via AE Europe)	Italy Holding Company



PC-Italia-02 S.p.A.	SPV	August 2016	100% (via Solis)	Italy Solar Operating Park
Sant'Angelo Energia S.r.l.	SPV	March 30, 2017	100% (via PC-Italia-02)	Italy Solar Operating Park
PCG_HoldCo GmbH	Holding Company	July 6, 2018	100% (via Altam)	Germany Holding Company
PCG_GP UG	General Partner (Management Co.)	August 30, 2018	100% (via Altam)	Germany Holding Company
PSM 20 UG	SPV	November 14, 2018	100% (via PCG_HoldCo)	Germany Solar Operating Park
PSM 40 UG	SPV	December 28, 2018	100% (via PCG_HoldCo)	Germany Solar Operating Park
GRK 17.2 GmbH & Co KG	SPV	November 17, 2018	100% (via PCG_HoldCo)	Germany Solar Operating Park
GRT 1.1 GmbH & Co KG	SPV	December 21, 2018	100% (via PCG_HoldCo)	Germany Solar Operating Park
ALTN HoldCo UG	SPV	December 14, 2018	100% (via PCG HoldCo)	Germany Operating Park
Altam Inc	SPV	December 2002	100%	US Holding Company
CIC Rooftop 2 S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
CIC RT Treviso S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
SPV White One S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
CTS Power 2 S.r.l.	SPV	April 23, 2019	100% (via Solis)	Italy Solar Operating Park
AEN 01 B.V.	SPV	June 13, 2019	100% (via Altam)	Netherlands Holding Company



Zonnepark Rilland B.V.	SPV	December 20, 2019	100% (via Solis)	Netherlands Solar Operating Park
AEN 02 B.V.	SPV	July 2020	100% (via Altam)	Netherlands Holding Company
PC-Italia-03 S.R.L.	SPV	July 2020	100%	Italy Holding Company
PC-Italia-04 S.R.L.	SPV	July 2020	100% (via AEN 02)	Italy Holding Company
Solis Bond Company DAC	SPV	December, 2020	100%	Ireland Holding Company
KKSOL Srl	SPV	February, 2021	100% (via PC-Italia-03)	Italy Solar Operating Park
Petriolo Srl	SPV	February, 2021	100% (via PC-Italia-03)	Italy Solar Operating Park
Serre Srl	SPV	March 2021	100% (via Solis)	Italy Solar Operating Park
Lucas EST Srl	SPV	March 2021	100% (via Solis)	Romania Operating Park
Ecosfer Energy Srl.	SPV	March 2021	100% (via Solis)	Romania Operating Park

## XX. Subsequent Events

In accordance with ASC 855, Subsequent Events, we have evaluated subsequent events through the date of issuance of these financial statements.

In April of 2021, the Company's subsidiary, Solis Bond Co, acquired 100% of the share capital of another Romanian SPV, LJG GREEN SOURCE ENERGY BETA S.R.L., in consideration for EUR 19,921,537.