

# Solis BondCo DAC



## Investor presentation

Contemplated EUR 10m Tap Issue

28 February 2022



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In connection with the first issuance of the Bonds, the Manager and its Norwegian legal counsel performed a similar limited and selected due diligence exercise for the assets included as part of the Initial Acquisitions pursuant to the Bond Terms, for which certain Transaction Security Documents have been established pursuant to the Bond Terms. However, the Manager and its Norwegian legal counsel has not performed any new due diligence investigations with respect to the Initial Acquisitions (or any other assets comprised by any existing Transaction Security Document) in connection with the issuance of the Additional Bonds.

Based on the granted reliance on the Local Reports and legal review performed on behalf of the Manager (both only within the DD Scope), the DoC and the BDDC (jointly; the "Limited Legal Due Diligence"), except as set out below for Romania, no material, negative findings have been made with respect to the matters comprised by the DD Scope. However, the Limited Legal Due Diligence is associated with several uncertainties and risks, in particular (i) the Local Reports have only been reviewed in part and matters important for the DD Scope may be described in other parts not reviewed, (ii) the Local Reports are not prepared on behalf of the Manager and reliance to such Local Reports are given only on certain conditions which may mean that responsibility and liability towards the Manager is excluded or severely restricted, (iii) the DD Scope relates to complex legal matters in jurisdictions other than Norway and as such the Manager and its Norwegian legal counsel have no basis to question any description or interpretation of local laws, and (iv) investors may be of the opinion that legal matters not covered by the DD Scope is of material importance to their decision to invest in the Additional Bonds.

Hence, they may be risks related to the Group which are not discovered by the Limited Legal Due Diligence and which still may be of importance for the business of the Group or the investment decision for possible investors in the Additional Bonds.

With respect to legal matters related to assets in Romania (which forms part of the Initial Acquisitions and for which several Transaction Security Documents have been established), investors are notified that Romanian counsel has in connection with the first issuance of the Bonds, *inter alia*, advised that "substantial aspects of Romanian law are contained in relatively controversial legislation not always complied with even by the authorities having the authority to implement it" and investors should thus note that legal uncertainties involving Romania may be bigger than for other jurisdictions in which the Group operates.

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- a) have sufficient knowledge and experience to make a meaningful evaluation of the Additional Bonds, the merits and risks of investing in the Additional Bonds and the information contained or incorporated by reference in this document or any applicable supplement;
- b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Additional Bonds and the impact other bonds will have on its overall investment portfolio;
- c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Additional Bonds;
- d) understand thoroughly the final terms and conditions for the Additional Bonds; and
- e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.

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## Target market

Solely for the purposes of the Manufacturer's (as used herein, "Manufacturer" refers to Arctic Securities AS) product approval process, the target market assessment in respect of the Additional Bonds has led to the conclusion that: (i) the target market for the Additional Bonds is professional clients as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Additional Bonds are appropriate. The negative target market for the Additional Bonds is retail clients as defined in MiFID II and 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. Any person subsequently offering, selling or recommending the Additional Bonds (a "Distributor") should take into consideration the Manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Additional Bonds (by either adopting or refining the Manufacturer's target market assessment) and determining appropriate distribution channels.

## Placing fee

The Manager will be paid a fee by the Issuer in respect of the placement of the transaction.

ANY POTENTIAL INVESTOR INVESTING IN THE ADDITIONAL BONDS IS BOUND BY THE BOND TERMS WHICH THE INVESTOR ACKNOWLEDGES HAVING ACCEPTED BY SUBSCRIBING FOR SUCH ADDITIONAL BONDS.

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# TRANSACTION SUMMARY

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## Issuer characteristics and confirmatory / Verification work conducted

### Background

- Alternus Energy Group plc (“Alternus” or the “Company”) is an Irish incorporated company, listed in the Oslo Euronext Growth market with ticker ALT.
- In January 2021, the Company completed a EUR 110M Green Bond Issuance through a wholly subsidiary Solis BondCo DAC (the “Issuer”), a designated activity company registered in Ireland.
- In conjunction with the Bond issuance, the Company also raised EUR 27M in new equity from predominantly institutional investors.
- In June 2021, the Company completed a NOK 70M (~EUR 7M) additional equity raise commensurate with listing on the Oslo Euronext Market
- In November 2021, the Company completed a EUR 20M tap issue under the existing framework on Solis BondCo DAC

### Advisors to the Manager, the Company and Issuer

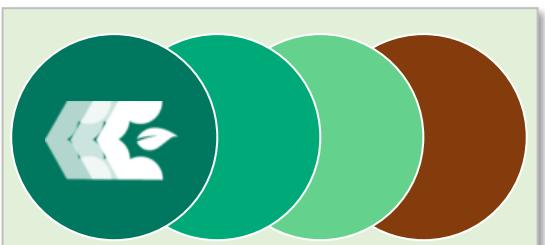
- The law firm Advokatfirmaet Thommessen AS has acted as Norwegian legal counsel for the Company and its subsidiaries in connection with contemplated transaction
- The law firm Advokatfirmaet Schjødt AS (“Schjødt”) has acted as legal counsel to Arctic Securities AS (the “Manager”)

### Confirmatory / Verification work conducted

- Schjødt has conducted a limited legal due diligence of the of the Company and its subsidiaries
- Advisors utilized by the Company in its operations have extended full reliance to Schjødt and the Manager to the extent necessary for Schjødt to conclude a satisfactory limited legal due diligence assessment
- An independent market expert has provided a valuation assessment of all the assets in the portfolio
- Annual Report for 2020 is the latest audited financial report for the previously listed parent company of the Group
- The Issuer has signed a “Declaration of Completeness” and concluded a “Bring down due diligence call”, among other things confirming to the Manager that the marketing material in all material respect is correct and complete, and that all matters relevant for evaluating the issuer and the Transaction is properly disclosed in the marketing material
- Customary Know Your Customer (“KYC”) review as required by financial supervisory authorities

## Green bond eligibility

- Cicero has provided an independent second party review of Alternus’ Green Bond Framework and rated it as Dark Green



### CICERO Dark Green

Projects and solutions that are realizations today of the long-term vision of a low carbon and climate resilient future. Typically, this will entail zero emission solutions and governance structures that integrate environmental concerns into all activities.

- Cicero, an independent, not-for-profit, research institute, provides Second Opinions on institutions’ framework and guidance for assessing and selecting eligible projects for green bond investments

## Introduction

- Alternus Energy Group plc (“Alternus” or the “Company”) is an independent IPP building a diversified portfolio of solar PV assets (“PV assets”)
  - Alternus’ operational PV assets are today held in Solis BondCo DAC (“Solis BondCo” or the “Issuer”). Solis BondCo has a EUR 130m senior secured green bond outstanding (the “Bond”). The Issuer is now contemplating a EUR 10m bond tap issue (the “Tap Issue”) to enable closing further acquisitions
- Proceeds from the contemplated Tap Issue is expected to be used towards the acquisition of 10 PV assets in Poland, with a combined production capacity of 10MW
- The Bond is the only debt in the Issuer and bondholders have first priority pledge over the shares of all the asset owning SPVs owned by the Issuer, debt service retention accounts and intercompany loans

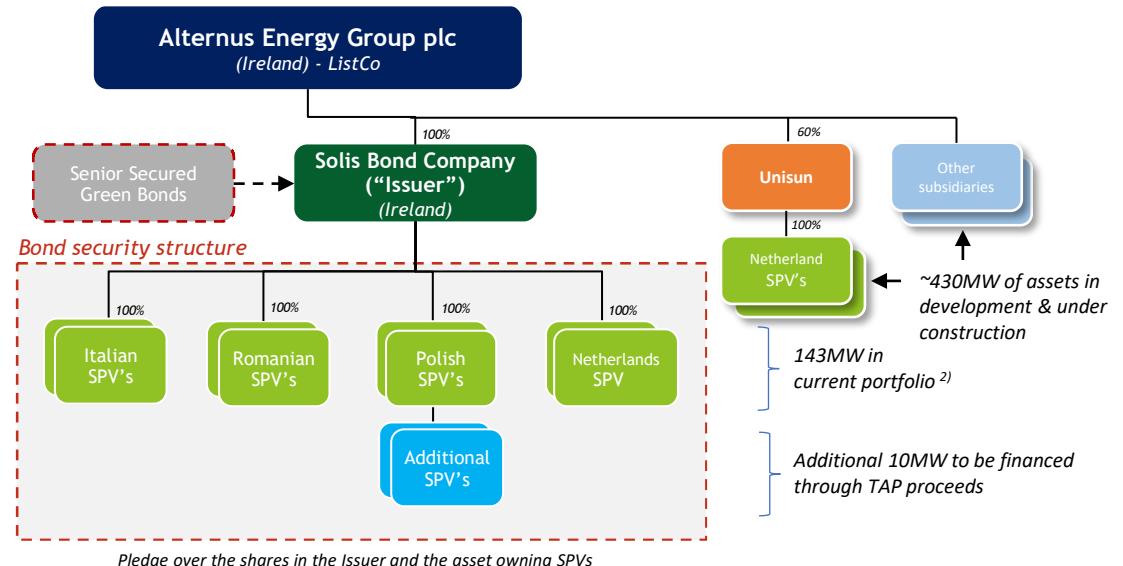
## Solis BondCo capitalisation

EURm	December 2021 Actual	After Tap Raise (p/f)	%
Senior secured green bond	130,000	140,000	82.2%
Debt discount	(6,685)	(7,185)	-4.22%
<b>Interest bearing debt</b>	<b>123,315</b>	<b>132,815</b>	<b>78.0%</b>
Cash & cash equivalents	(18,174)	(17,174)	-10.1%
<b>Net interest-bearing debt</b>	<b>105,141</b>	<b>115,641</b>	<b>67.9%</b>
IFRS 16 lease liabilities	3,437	3,537	2.1%
<b>Net liabilities</b>	<b>108,578</b>	<b>119,178</b>	<b>70.0%</b>
Book equity (incl. Shareholder loan)	51,182	51,182	30.0%
<b>Net capitalisation</b>	<b>159,760</b>	<b>170,360</b>	<b>100.0%</b>

1) Including transaction fees

2) Including 1MW in Italy and 1MW Poland that has yet to be closed

## Simplified group legal structure



## Sources and uses

Sources	EURm	Uses	EURm
Senior secured green bonds	10.0	Permitted acquisitions (expected to be 10MW Polish solar PV parks)	10.0
Cash held in escrow	0.5	General corporate purposes <sup>1)</sup>	0.5
<b>Sum</b>	<b>10.5</b>	<b>Sum</b>	<b>10.5</b>

# SUMMARY OF KEY TERMS



<b>Issuer:</b>	Solis Bond Company Designated Activity Company (Ireland)
<b>ISIN:</b>	NO0010914914
<b>Parent:</b>	Alternus Energy Group Public Limited Company (Ireland)
<b>Restricted Group:</b>	The Issuer and all its subsidiaries from time to time
<b>Guarantors:</b>	The Parent and each of the Restricted Group Companies (existing and future)
<b>Status of the Bonds:</b>	Senior Secured
<b>Security:</b>	First priority pledge in (i) the shares of the Issuer and Restricted Group Companies (existing and future), (ii) the DSR Account, (iii) the Escrow Account, (iv) first priority assignment over any loans from the Parent to the Restricted Group, intra-group loans between the Issuer and any Restricted Group Companies and intra-group loans between Restricted Group Companies and (v) the Guarantee from each Guarantor
<b>Outstanding Amount:</b>	EUR 130 million
<b>Bond tap issue amount:</b>	EUR 10 million
<b>Maximum Issue Amount:</b>	EUR 200 million
<b>Tap issue use of proceeds:</b>	Permitted acquisitions
<b>Maturity date:</b>	06 January 2024
<b>Tap issue settlement date:</b>	On or about 11 March 2022
<b>Interest Rate:</b>	3 months EURIBOR + 6.50% p.a., quarterly interest payments (EURIBOR floor at 0%)
<b>Bond tap issue price:</b>	[●] % of the Nominal Amount (plus accrued interest)
<b>Amortisation:</b>	Bullet
<b>Call Option:</b>	Make whole life
<b>Issuer's Undertakings:</b>	<b>General:</b> Include, inter alia, merger/demerger restrictions, continuation of business, compliance of laws, maintenance of insurance, arm's length transactions and quarterly reporting <b>Special:</b> Include, inter alia, distribution restrictions, maintaining a Green Bond Framework, acquisition restrictions and annual fair market value report
<b>Financial Maintenance Covenants - Restricted Group:</b>	<ul style="list-style-type: none"> <li>▪ <b>Minimum Liquidity:</b> the higher of (i) EUR 5.5 million or (ii) 5% of the outstanding Nominal Amount</li> <li>▪ <b>Equity Ratio:</b> Minimum 25%</li> <li>▪ <b>Leverage Ratio:</b> NIBD/EBITDA not higher than 6.50x / 6.00x / 5.50x, for the Relevant Periods expiring up until 31 Dec. 2021 / 31 Dec. 2022 / the Maturity Date</li> </ul>
<b>Permitted Acquisitions:</b>	Utility-scale operational PV assets with fixed price PPAs and/or FiTs for minimum 70% of production capacity and term of five years with investment grade counterparties subject to the acquisition being compliant with the Incurrence Test and Green Bond Framework
<b>Permitted Distribution:</b>	At any time after 1 Jan. 2022 up to 15% of Net Cash flow After Debt Service for each financial year based on the previous years audited Annual Financial Statements, subject to no Event of Default outstanding or arising as a result of such Distribution
<b>Governing Law:</b>	Norwegian law in respect of the bond terms, relevant local law in respect of security documents
<b>Listing:</b>	Oslo Stock Exchange and Frankfurt Open Market
<b>Trustee:</b>	Nordic Trustee AS
<b>Manager:</b>	Arctic Securities AS

<sup>1)</sup>Please see Bond Terms for full details





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# ALTERNUS ENERGY GROUP



## Vertically Integrated Solar IPP

- Targeted focus on fragmented mid-sized utility market (Europe / USA)
- Highly diversified portfolio of solar PV assets
- 1.4 GWP of contracted acquisitions at various stages
- Stock listed on Euronext Growth exchange in Oslo

## Efficient Operations and Project Sourcing

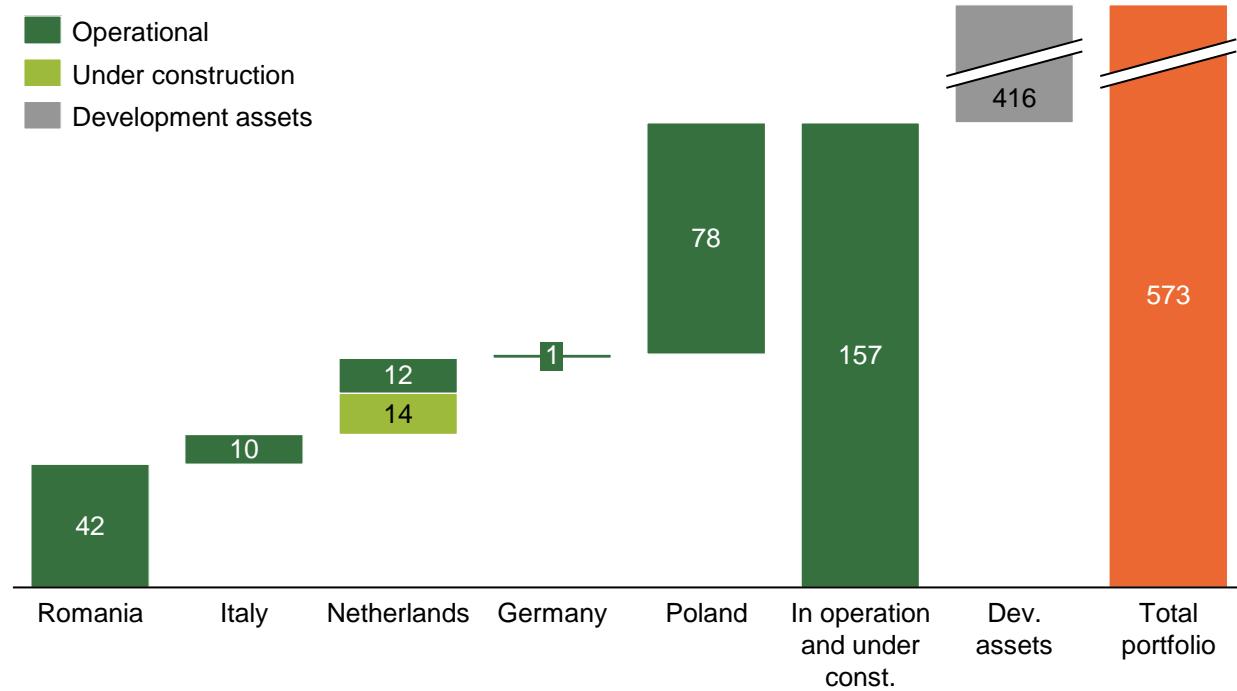
- De-risked operations with value added services kept in house
- Agnostic approach to project sourcing – ‘Finance First’ selection criteria
- Cultivated partner network providing early access to attractive projects

## Positioned for Significant Growth

- Clear path towards 1.5 GWP of operating assets and EUR ~100 million ARR by end of 2023
- Targeting 3.5 GWP of operating assets by end of 2025
- ~€40 million in Shareholder equity – strong institutional equity support

## Current Owned Assets

- Operational
- Under construction
- Development assets



## Team

## Sizable and diversified portfolio of European PV assets with attractive return characteristics <sup>1)</sup>

Current Headcount	# of Assets <sup>2)</sup>	Capacity <sup>2)</sup>	Production volume	Operational ARR	EBITDA
42	39 (+1)	143 MW (+14 MW)	~157 GWh	EUR ~24m	EUR ~20m

<sup>1)</sup> Company snapshot reflects the Company's portfolio prior to additional acquisition to be partially funded by contemplated tap issue

<sup>2)</sup> Alternus currently has 1 asset that is under construction with 14MW production capacity. This asset is expected to reach commercial operations in February 2022

**5 times larger in long-term Annual Recurring Revenues at €24 million**  
(EBITDA ~€20 million)

**4 times larger in operating assets at 143 MWp**  
(Completed all planned acquisitions for 2021 and more)

**Total owned assets now 573 MWp from 44MWp**

**Contracted backlog and pipeline at record 1.85 GWp**

**Proven execution ability as full IPP with integration of Unisun and other key hires**  
(40+ people)

On track to reach COD  
in February 2022

SIZE

**13.63  
MWp**

SENIOR  
FINANCING

**15 Year, 1.8%**

EPC

**Unisun  
Energy**

CONSTRUCTION TIMELINE

**5 Months**

O&M

**Upper  
Energy**

OFFTAKE AGREEMENTS

**FiT  
& PPA**

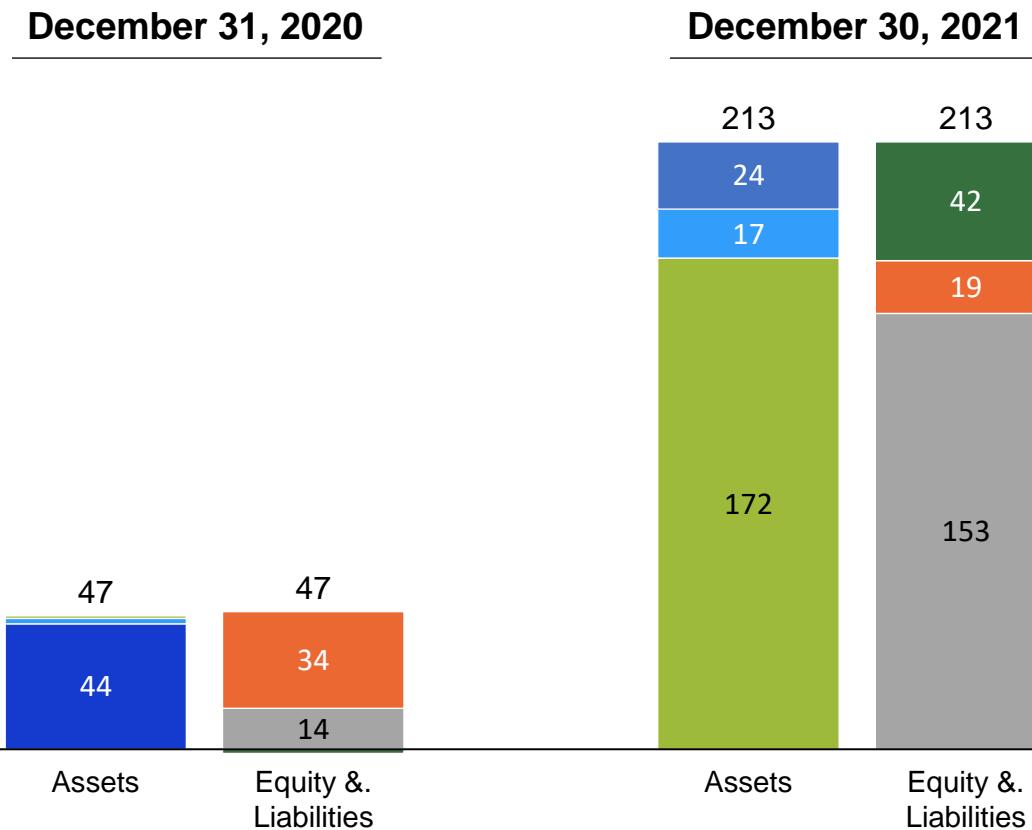


As of December 31, 2021 (EUR '000)

Balance Sheet	Solis BondCo	Corporate & other subs.	Group
Investment in Energy properties	154.1	17.9	172.0
Cash & Cash equivalents	18.2	5.3	23.5
Other Assets	18.2	(1.0)	17.2
<b>Total Assets</b>	<b>190.5</b>	<b>22.2</b>	<b>212.7</b>
Short Term Debt	(3.3)	4.8	1.5
Trade & Other	11.9	5.1	17.0
<b>Current Liabilities</b>	<b>8.6</b>	<b>9.9</b>	<b>18.5</b>
Long Term Debt	126.6	21.7	148.3
Other LT payables	3.9	0.5	4.4
Paid in Equity	-	32.1	32.1
Subordinated investment	37.5	(37.5)	-
Shareholder Equity	13.9	(4.5)	9.4
<b>Total Equity &amp; Liabilities</b>	<b>190.5</b>	<b>22.2</b>	<b>212.7</b>

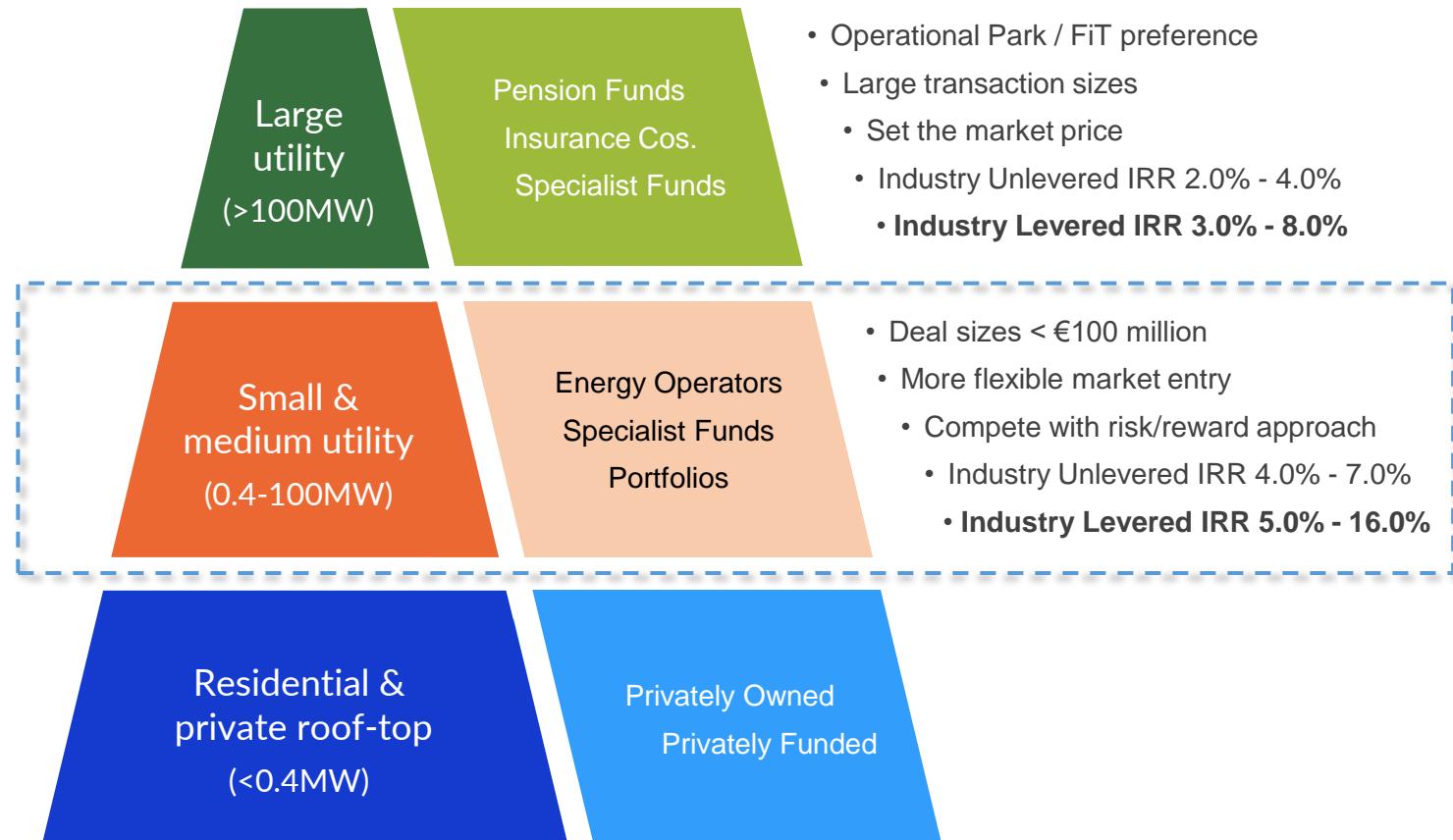
Consolidated financial position (EURM)

December 31, 2020



 Cash & Cash Equivalents  
  Long Term Assets  
  Current Liabilities  
 Other Current Assets  
  Equity  
  Long Term Liabilities

Focus on a well-defined solar plant segment delivers above market investment returns



### Commentary

- Industry return gap between “Large utility” segment and “Small & medium utility” delivers immediate equity value from each Alternus operational project
- Business model drives accretive acquisitions building a portfolio delivering greater economies of scale at higher return levels
- Larger portfolios will become attractive to large market participants providing multiple exit opportunities investors

Current Alternus  
Owned + Backlog Portfolio  
achieves blended  
Levered IRR of >20%

Opportunistic & Agnostic approach to development construction / operations.... Driving rapid growth...

Multiple in-country partnerships allow for rapid scale at no fixed cost



Germany



Netherlands



Italy



Romania



Spain



Greece



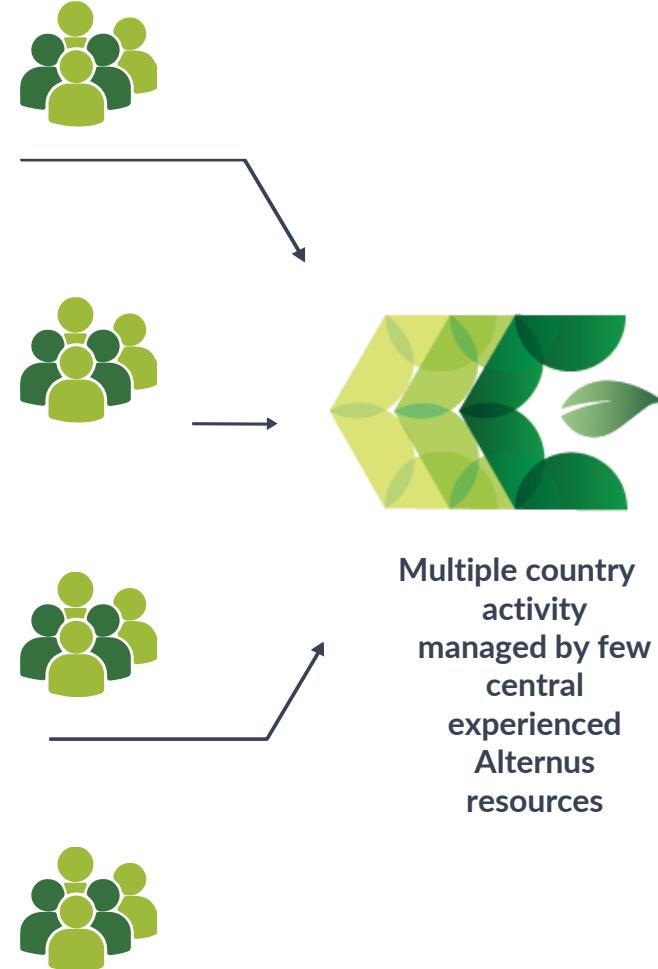
Poland



Ireland



Others



- **Cultivated partner networks**

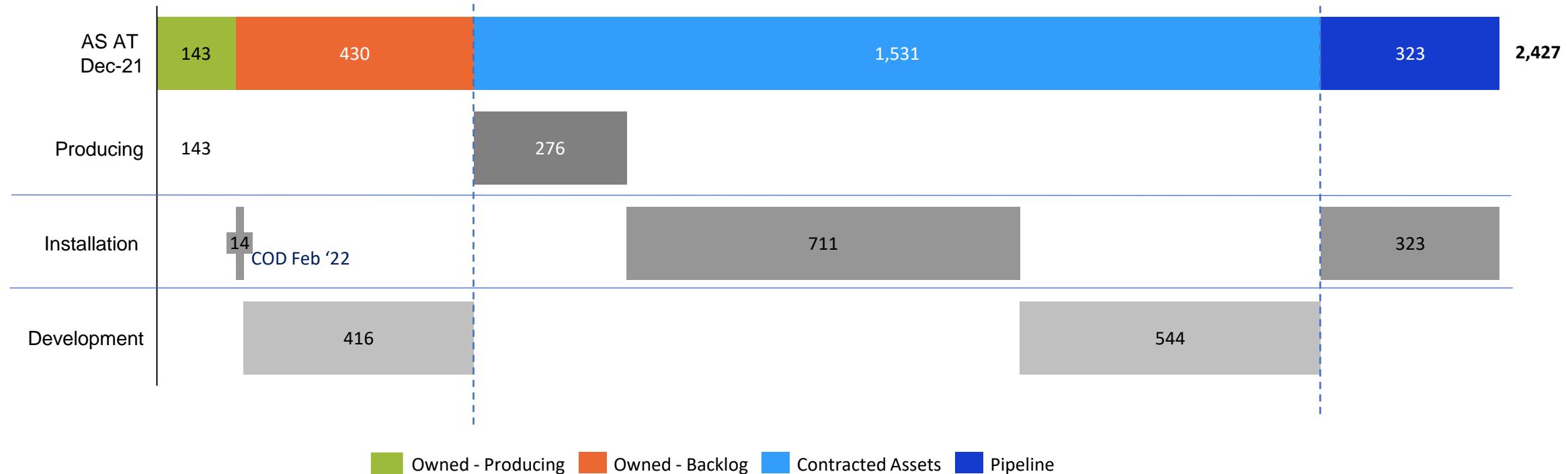
- provide priority access to secondary market operational solar park opportunities
- source development and ready-to-build projects
- provide greater and early access to new projects

- **Success based only compensation creates variable cost model without fixed commitments**

Some of our partners:



Owned and contracted assets at various stages of cycle to balance risk, project returns and capital needs



## Owned

- 13MW of Operating assets in Poland added in Q4
- 88 MW of Contracted Assets moved into Owned during Q4 '21
- 14 MW Rotterdam Airport on track for COD in February 2022

## Contracted Producing

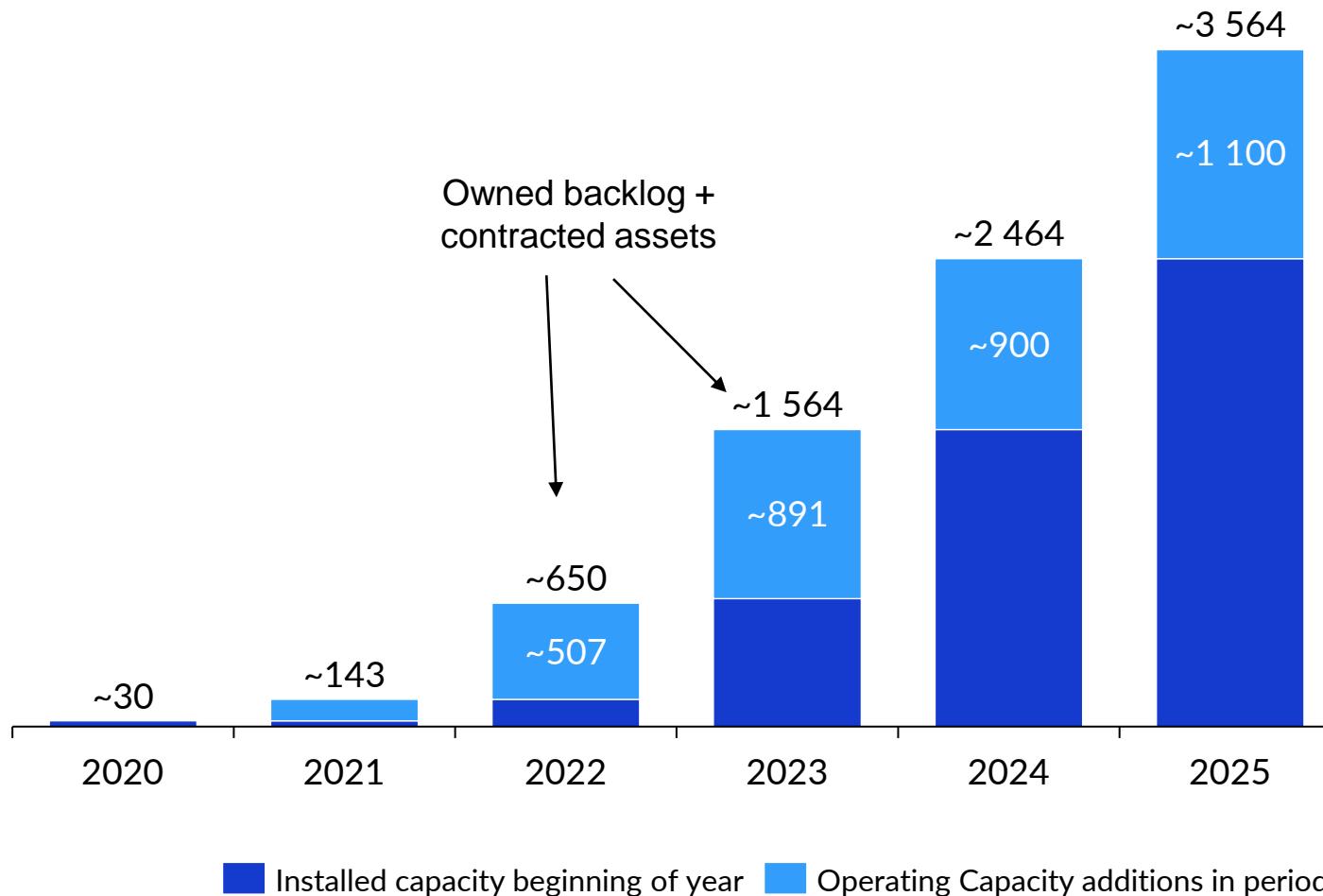
- 182MW operating assets targeted for acquisition in Q2 '22<sup>1</sup>
- 82MW of Installations targeted for acquisition Q4 '22<sup>1</sup>

## Contracted In Construction

- 100MW set to close and start construction in Q1 '22 – expected COD in '22<sup>1</sup>
- 228MW expected to be Ready-To-Build 'RTB' in Q2 2022 and COD in '23<sup>1</sup>
- 500+MW expected to be RTB in H2 2022 and COD in '23<sup>1</sup>

<sup>1)</sup> Subject to funding and other closing conditions

## Growth driven by current owned backlog and contracted assets



- Indicates EUR ~160M ARR's at EOY 2023 based on current price curves from leading expert firms
- Targeting >50% of new installations in 2022 and 2023 will be delivered by Unisun, locks in additional EPC margin as equity

2025 operational portfolio target increased by 75% to 3.5 GWp

Indicates ~EUR 110m ARR's at YE2023

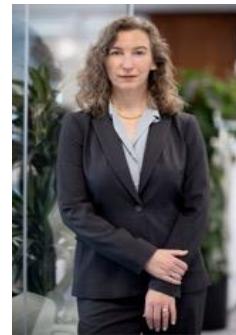
Potential ~EUR 250m ARR's at YE2025

# EXECUTIVE MANAGEMENT TEAM



## VINCENT BROWNE | Chief Executive Officer

- Joined Alternus Energy in 2015 as CFO became Chairman & CEO in 2017
- Responsible for leading the Group
- 7 years solar experience
- 25+ years finance and operations experience
- BComm (Accounting) University College Dublin



## TALIESIN DURANT | Chief Legal Officer

- Joined Alternus Energy in 2018
- Leads the legal team
- 5+ years solar experience
- 20+ years senior operating experience
- Juris Doctor degree from Lewis & Clark Law School, BA Degree Economics, Member of the California StateBar Association



## JOSEPH DUEY | Chief Financial Officer

- Joined Alternus Energy in 2018
- Leads the finance & treasury functions
- 15+ years renewables experience
- 20+ years finance experience
- MBA from the University of Illinois
- CPA, CMA, CIA, and CFM designations



## GITA SHAH | Chief Sustainability Officer

- Joined Alternus Energy in 2017 appointed CSO in 2021
- Leads sustainability initiatives across the Group
- 6+ years solar experience
- 5+ years strategic and operational management
- BSc in Spatial Planning & Environmental Management



## GARY SWAN | Chief Technical Officer

- Joined Alternus Energy in 2021
- Leads the project management and delivery teams
- 30+ years renewables experience
- 30+ years technical experience
- BAI in Civil, Structural and Environmental Engineering, MSc in Project Management



## DAVID FARRELL | Chief Commercial Officer

- Joined Alternus Energy in 2022
- Leads the commercial, M&A and funding activities
- 20 years capital markets, incorporating project finance, infrastructure and renewables, and finance industry experience
- BBS, Economics & Finance, CIMA, Dip. Corporate Finance.



Equivalent to the carbon sequestered by  
**2,124,756** trees grown for 10 years



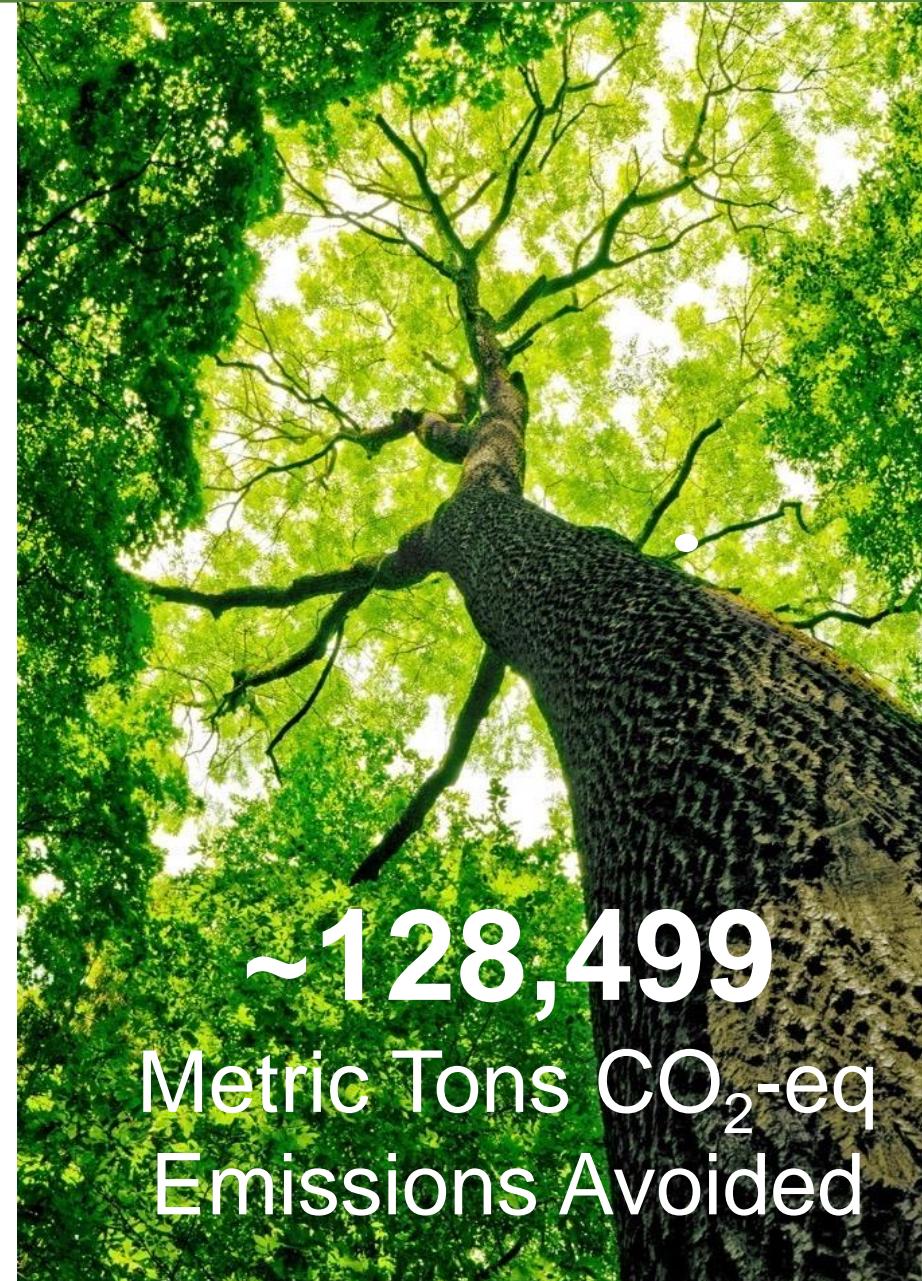
Equivalent to CO<sub>2</sub> emissions from  
**12.5** million gallons of diesel consumed



Equivalent to removing **27,947** fossil fuel-based passenger vehicles from the road for one year

### Alternus Energy Commitments under our Green Bond Framework

- Alternus Energy uses a leading Meteocontrol Performance Monitoring System to track CO<sub>2</sub> equivalent emissions avoided by the portfolio of operational Solar PV parks.
- A Green Bond Framework was published on [www.alternusenergy.com](http://www.alternusenergy.com) that was carried out as part of a recent Green Bond Placement. Under this framework Alternus is committed to implementing a formal strategic Sustainability Policy Framework to be established by the company in the near term.
- As part of the Sustainability Policy Framework, the company will ensure that all aspects of project development are carried out in a sustainable manner mitigating any local social and environmental impacts that have been identified throughout the project's development.
- In addition as part of the Sustainability Policy Framework, Alternus Energy will strive for responsible procurement when making decisions on partners, contractors and subcontractors used during project development.



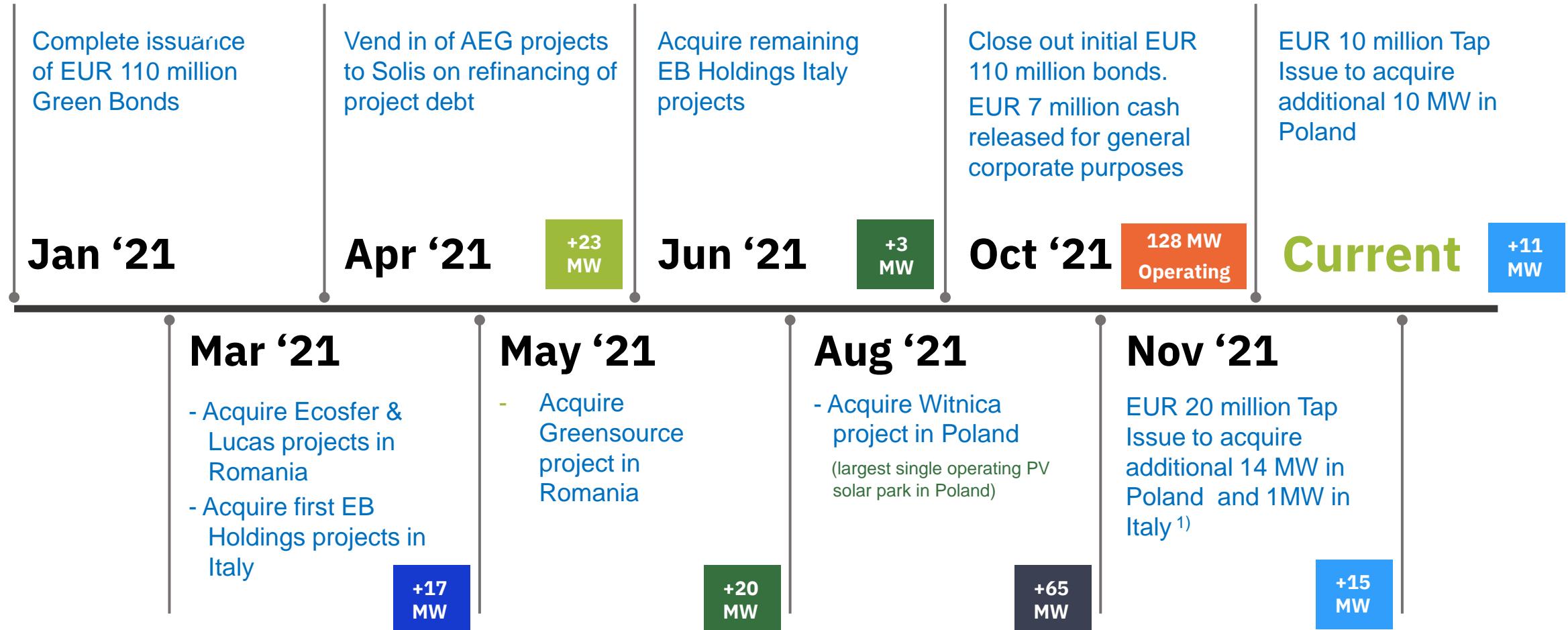


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# SOLIS BONDCO

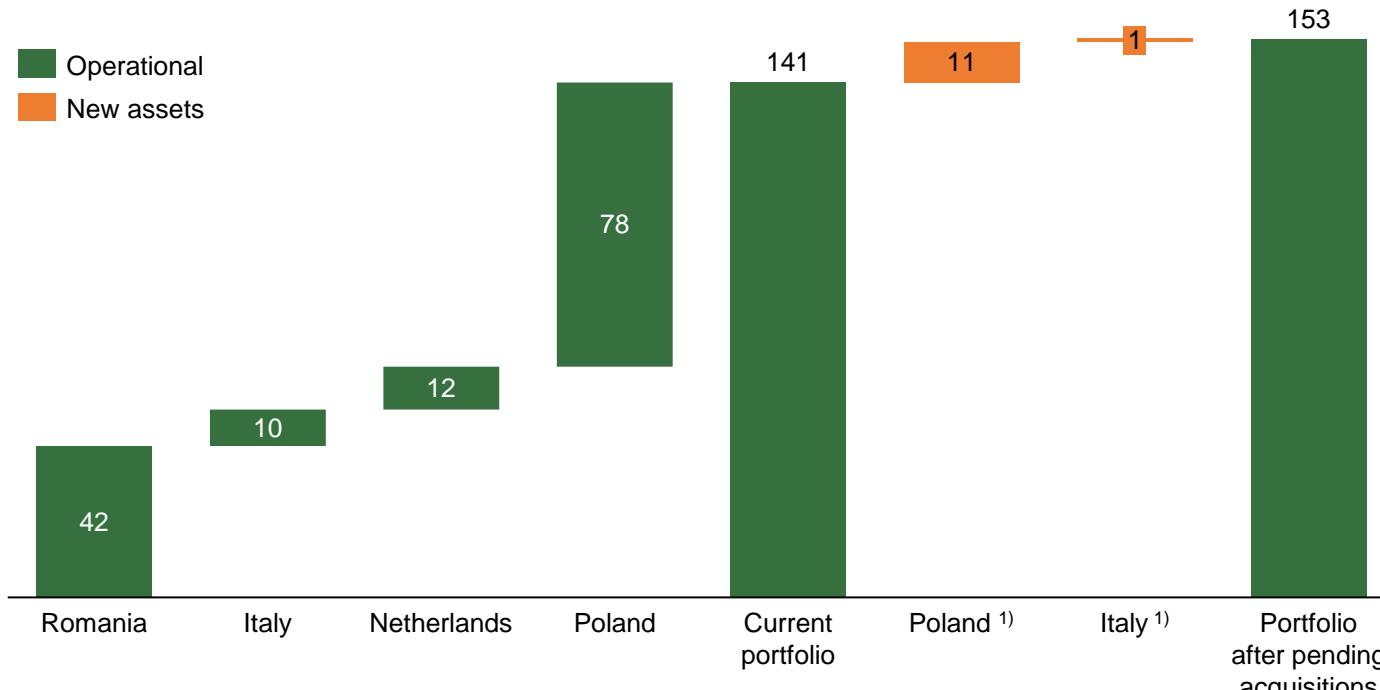
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<sup>1)</sup> Transaction to acquire 1MW Italian asset has not yet been closed

## Well diversified portfolio of 153 MW solar PV assets in operation

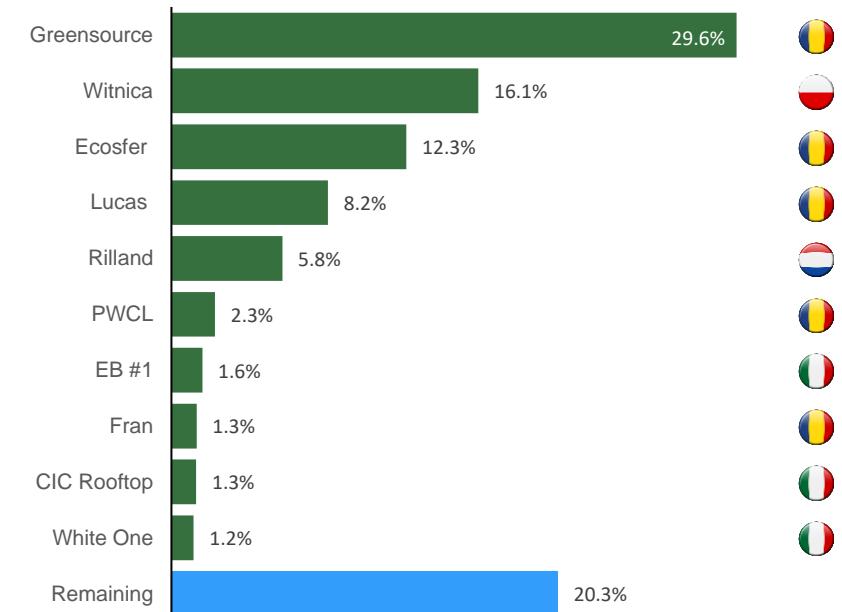


## Sizable and diversified portfolio of European producing PV assets with attractive return characteristics (incl. new acquisitions)

Number of assets in operation	Operating capacity	Annual production Operational	Pro Forma Revenue	Pro forma EBITDA	Weighted avg. unexpired FiT/PPA term
48	153 MW	~168 GWh	EUR ~26.6 m	EUR ~ 22.4 m	8.4 years

<sup>1)</sup> Debt capital required for acquisition of Italian asset and 1MW of Polish assets was raised in tap issue completed in November 2021

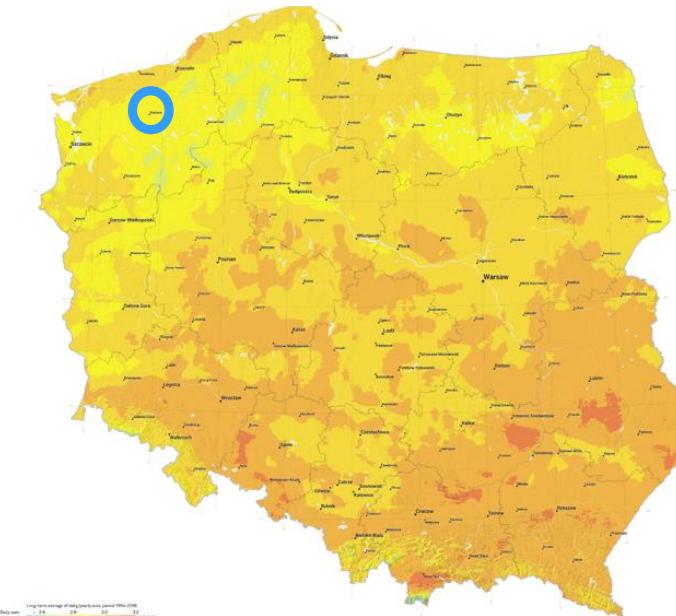
## Revenue distribution – top 10 assets



## 10 MW Portfolio in Poland (10 assets)

Total Projects Capacity	9.98 MWp
Estimated Annual Production	10.8 GWh
Estimated Annual Revenues	€0.83M
Estimated Annual EBITDA	€0.67M
Average Yield (kWh/kWp)	1,078
Offtake Type	CfD (FiT) - 15 years
Fixed Rate per MWh	324.97 PLN (EUR 71.73)
Energy Sales income per MWh	n/a
Legal Due Diligence	SK&S
Technical due Diligence	DNV GL

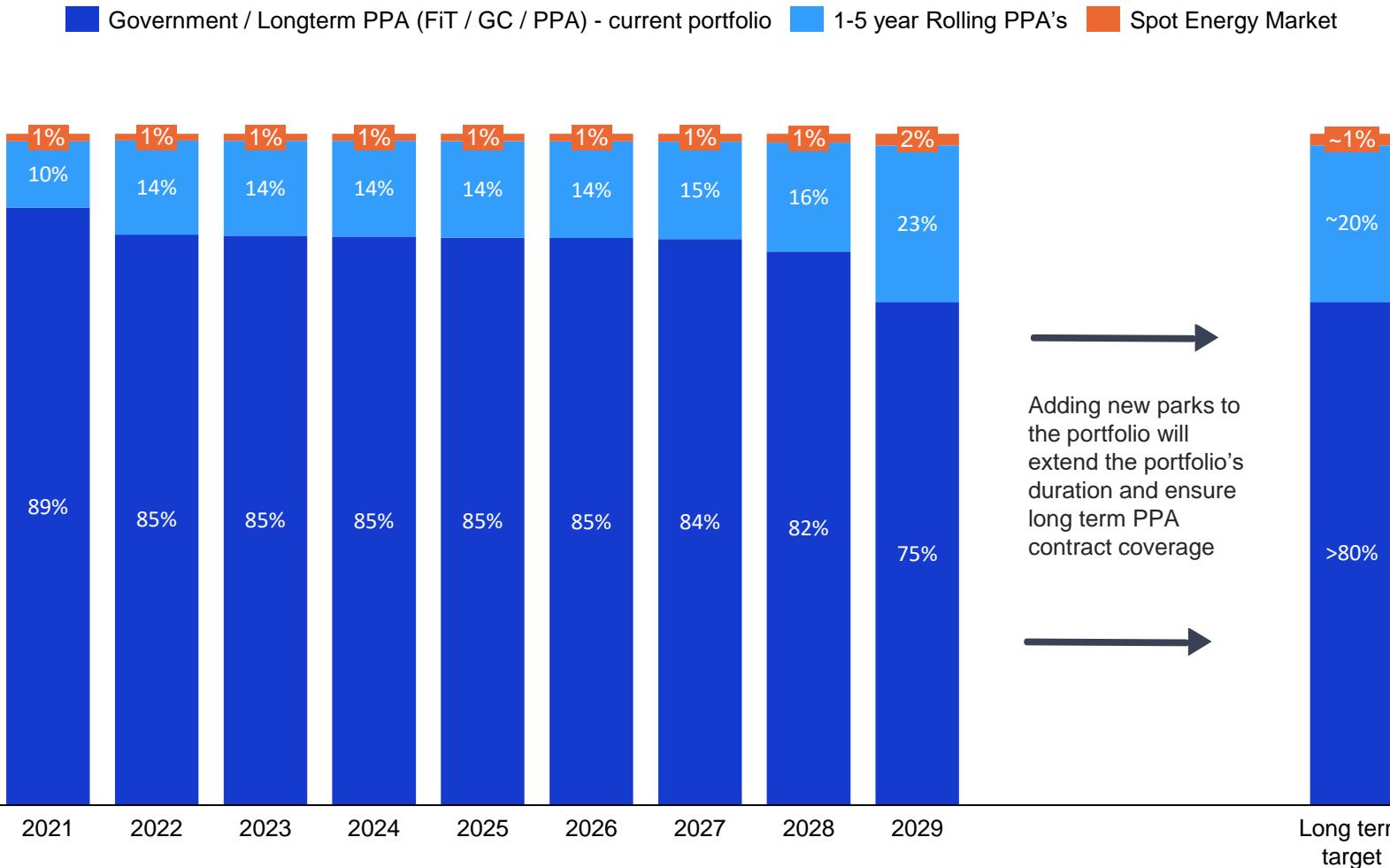
## Location of assets


 10MW portfolio

## Due diligence partners



## Portfolio weighted average unexpired FiT/GC/PPA term of 8.4 years (incl. new acquisitions)



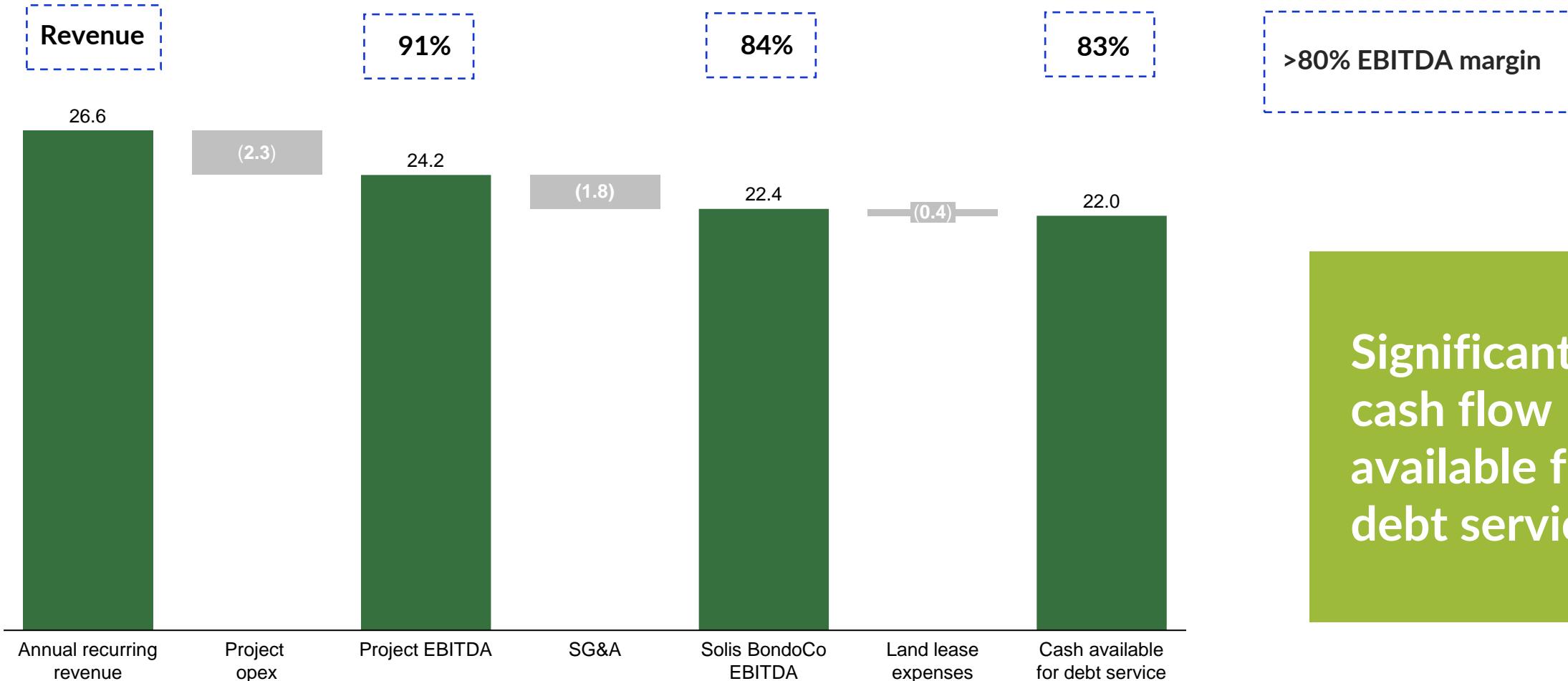
## Commentary

- Long term contract coverage with investment grade counterparties allows for higher leverage to maximise equity returns
- As new projects are added the company expects to maintain >80% contracted revenue mix in the medium to long term to ensure strong leverage capacity

Portfolio additions will mostly have 30+ years incomes with CPI adjusted PPA contracts

	Italy	Romania	Netherlands	Poland
Offtake Type	<ul style="list-style-type: none"> <li>Italian government backed Feed-in-Tariff (FiT) program processed by the GSE</li> <li>Short term PPA for energy sales with multiple off-takers</li> </ul>	<ul style="list-style-type: none"> <li>Romanian government issued Green Certificates (GC's) under an EU support scheme are processed by ANRE which are then traded on OPCOM, the exchange market for energy</li> <li>Short term PPA for energy sales with multiple off-takers</li> </ul>	<ul style="list-style-type: none"> <li>SDE + subsidy scheme managed by the Netherlands Enterprise Agency (RVO)</li> <li>Project receives two cash payments (1) from the state department RVO and (2) from Engie as part of the energy value.</li> <li>The total of (1) and (2) amounts to the fixed SDE+ granted subsidy</li> </ul>	<ul style="list-style-type: none"> <li>Corporate PPA with Goraždje Cement of Heidelberg Cement Group (Investment Grade off-taker BBB-)</li> <li>Feed-in-Tariff (CfD) with Polish Energy Regulatory Office of Electricity</li> <li>Merchant energy sales - Energy sold on the national energy marketplace. Statkraft manage this process on behalf of Alternus</li> </ul>
Term	<ul style="list-style-type: none"> <li><b>GSE FIT</b> – 20 Years from first operation</li> <li><b>PPA</b> – 1 year +</li> </ul>	<ul style="list-style-type: none"> <li><b>ANRE GC Scheme</b> – 15 Years from first operation</li> <li><b>PPA</b> – Variable pricing</li> </ul>	<ul style="list-style-type: none"> <li><b>SDE+ Subsidy</b> – 15 Years from first operation</li> </ul>	<ul style="list-style-type: none"> <li><b>Corporate PPA</b> – 10 Year</li> <li><b>CfD</b> – 15 Years</li> </ul>
% of Revenue	<ul style="list-style-type: none"> <li>FiT – 85%</li> <li>PPA/Merchant – 15%</li> </ul>	<ul style="list-style-type: none"> <li>GC – 85%</li> <li>PPA/Merchant – 15%</li> </ul>	<ul style="list-style-type: none"> <li>SDE+ Subsidy – 100%</li> </ul>	<ul style="list-style-type: none"> <li>PPA 70% / Merchant 30%</li> <li>CfD – 15 years</li> </ul>
Long term counterparty		 	 <p>Rijksdienst voor Ondernemend Nederland</p>	 
PPA Counterparty / Service provider	  	   		

### High and stable margins yielding considerable cash flows (Pro-forma portfolio)

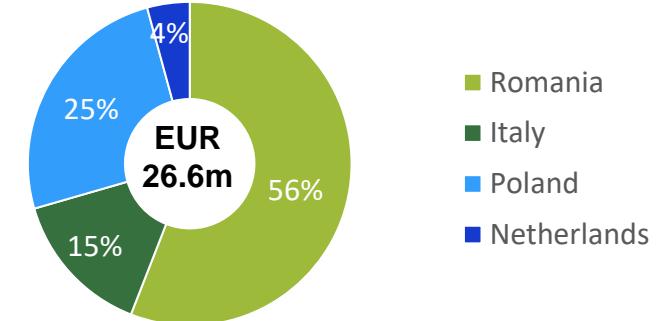


## P&L

EUR '000	FY 2020	FY 2021	Pro- forma Run-rate <sup>1)</sup>
<b>Revenue</b>	-	<b>20,333</b>	<b>26,552</b>
Cost of goods sold	-	4,654	2,343
<b>Gross profit (reported)</b>	-	<b>15,679</b>	<b>24,209</b>
Selling, general & admin.	-	931	1,809
<b>EBITDA</b>	-	<b>14,748</b>	<b>22,399</b>
D&A	-	5,432	5,850
<b>EBIT</b>	-	<b>9,316</b>	<b>16,549</b>
Finance income	-	(12,604)	
Other Income / (expenses)	-	-	
Gain on bargain purchase	-	17,939	
<b>Pre-tax profits</b>	-	<b>14,651</b>	
Income tax	-	(660)	
<b>Net income</b>	-	<b>13,991</b>	

<sup>1)</sup> Pro forma following acquisition of assets to be funded by tap issue and cash on balance sheet

## Revenue split by geography (pro forma)



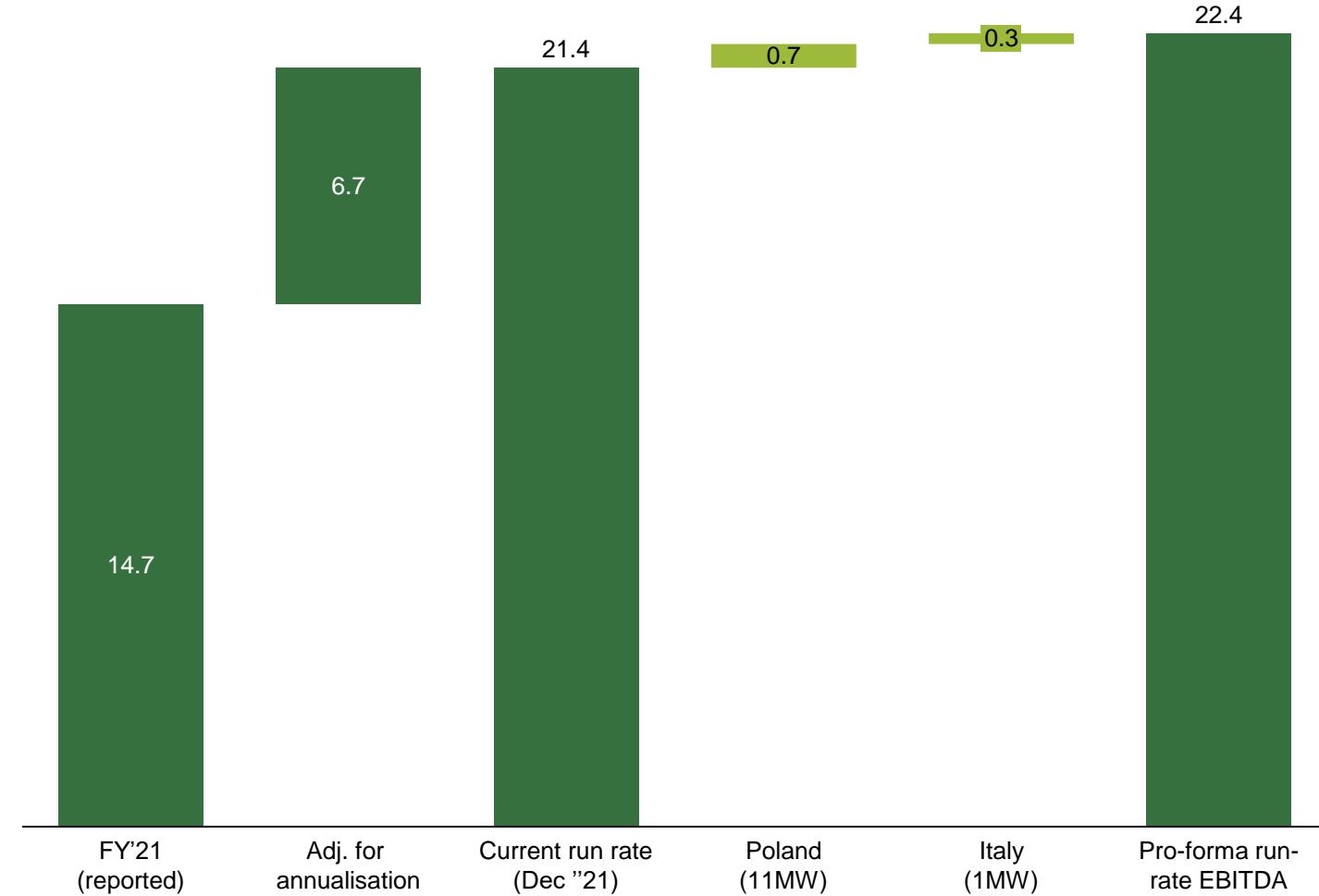
## Commentary

- The last transaction to be funded from the initial bond proceeds closed in August 2021 concluding the transactions to be funded by the initial bond raise
- There was an additional 14MWs of project closed as part of the 20M Tap
- Improved revenue numbers due to additional revenue from energy rates

## Commentary

- Solis BondCo had a reported EBITDA of EUR 14.7m for the financial year ended 31 December 2021
- The annualized run rate EBITDA of the portfolio of PV assets as of December 31 2021 was EUR 21.4m
- The acquisition to be funded by the contemplated tap issue include:
  - A portfolio of 10 PV assets in Poland with an aggregate production capacity of 11MW and an annual EBITDA contribution of EUR 0.7m
- In addition, the Company is in the process of acquiring a 1 PV asset in Italy with a production capacity of 1MW and an annual EBITDA contribution of EUR 0.3m
  - Debt funding required for this acquisition was raised through the bond tap issue completed in November 2021

## Pro forma EBITDA bridge (EURm)



## Assets

EUR '000	Dec. '20	Dec. '21	Pro forma after Tap
<b>Current Assets</b>			
Trade and other receivables	51	12,596	12,596
Restricted cash	-	6,993	5,993
Cash and Cash equivalents	-	11,181	11,181
<b>Total current assets</b>	<b>51</b>	<b>30,770</b>	<b>29,770</b>
<b>Non-current assets</b>			
Goodwill and other long-term assets	-	5,687	5,687
Property, plant and equipment (net)	-	154,120	165,220
<b>Total non-current assets</b>	<b>-</b>	<b>159,807</b>	<b>170,907</b>
<b>Total Assets</b>	<b>51</b>	<b>190,577</b>	<b>200,677</b>

## Liabilities & Shareholders Equity ("SE")

EUR '000	Dec. '20	Dec. '21	Pro forma after Tap
<b>Current liabilities</b>			
Trade and other payables	4,538	12,091	12,591
Capital lease – short term	-	70	70
Borrowings – short term	-	(3,289)	(3,539)
<b>Total Current liabilities</b>	<b>4,553</b>	<b>8,872</b>	<b>9,122</b>
<b>Non-current liabilities</b>			
Asset retirement obligation	-	552	552
Capital lease – long term	-	3,367	3,467
Borrowings – long term	(4,487)	126,604	136,354
<b>Total non-current liabilities</b>	<b>(4,487)</b>	<b>130,523</b>	<b>140,373</b>
<b>Total liabilities</b>	<b>51</b>	<b>139,395</b>	<b>149,495</b>
<b>Shareholders' equity</b>			
Subordinated affiliated investments	-	30,556	30,556
Retained earnings and other equity	-	20,626	20,626
<b>Total Shareholders equity</b>	<b>-</b>	<b>51,182</b>	<b>51,182</b>
<b>Total liabilities &amp; SE</b>	<b>51</b>	<b>190,577</b>	<b>200,677</b>

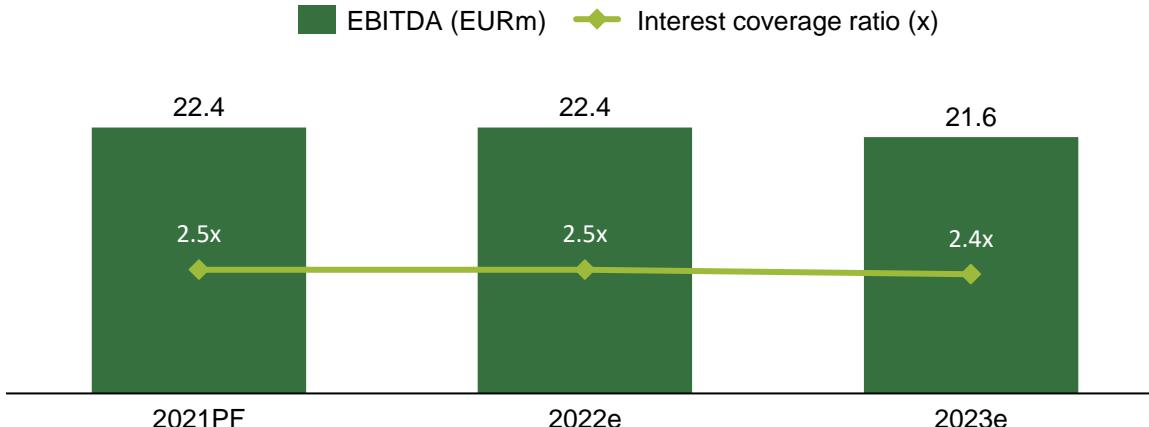
## Commentary

- Conservative capital stack with significant equity capital relative to industry standard
  - Pro forma equity of 26% of total assets
- Capital structure strengthened further with annual retained earnings EUR >10m with funds exceeding minimum Liquidity available for acquisition of additional operational PV assets (*Permitted Acquisitions*)
- Other liabilities include:
  - Capital lease obligations of EUR 3.5m
  - Asset retirement obligation of EUR 0.6m
  - Trade payables of EUR 12.6m
- Other Assets include:
  - Trade and other receivables of EUR 12.6m
  - Goodwill of EUR 5.7m

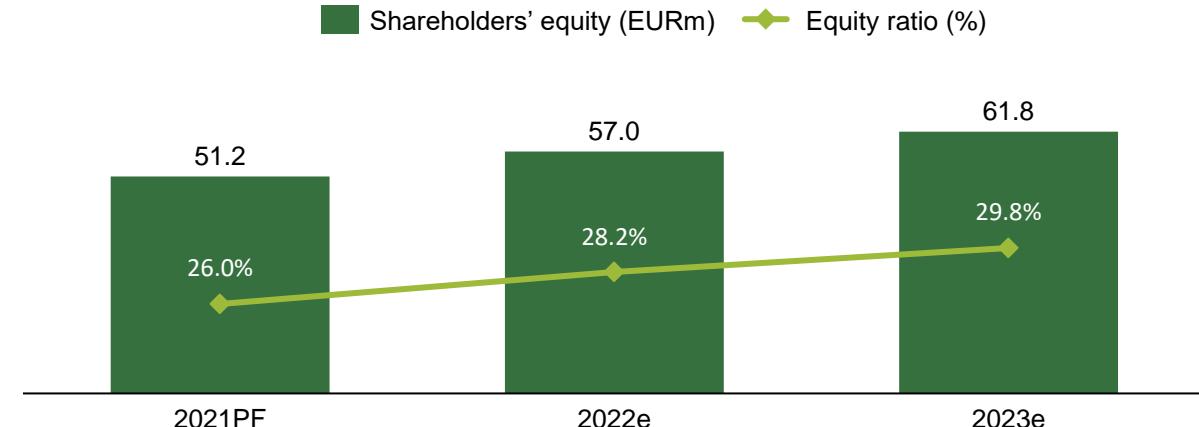
## Transparent funding structure – simplified overview (EURm)



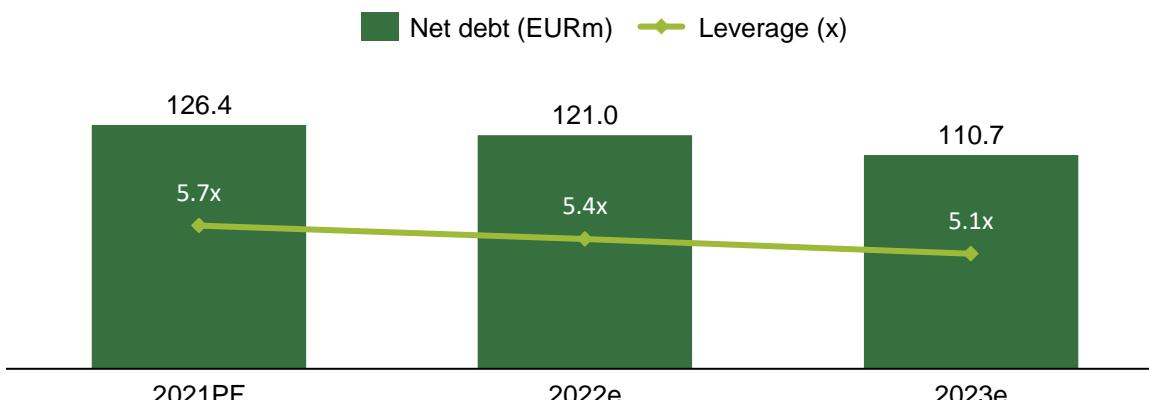
## EBITDA & interest coverage ratio <sup>1)</sup> (@ 6.5% interest rate)



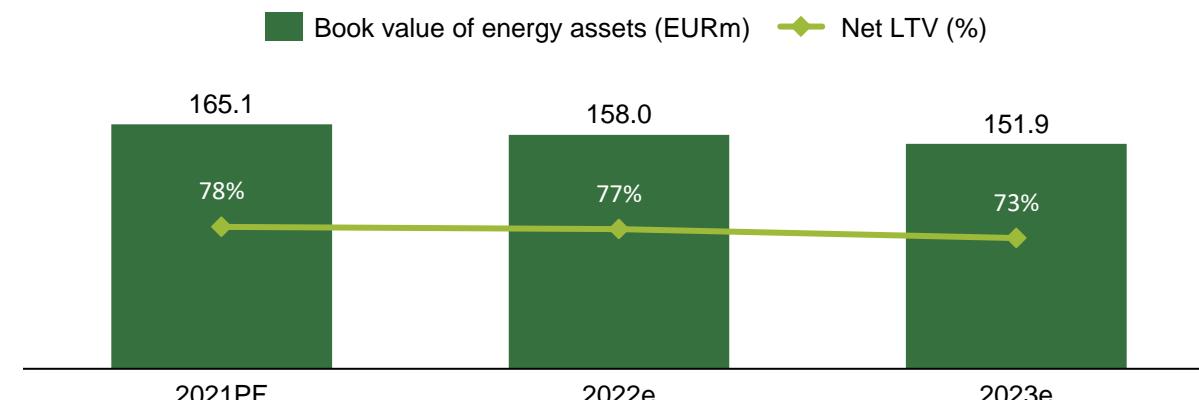
## Shareholders equity <sup>2)</sup> & Equity ratio <sup>3)</sup>



## Net debt (incl. land leases) <sup>4)</sup> & leverage <sup>5)</sup>



## Book value of energy assets <sup>6)</sup> & Net LTV <sup>7)</sup>



<sup>1)</sup> EBITDA divided by interest expense (incl. land leases); <sup>2)</sup> Paid in capital plus Shareholder loan plus Retained earnings (assuming no dividends paid); <sup>3)</sup> Shareholders' Equity divided by Total assets; <sup>4)</sup> Senior Bond Debt plus lease liabilities less Cash & Cash Equivalents (assuming no dividends paid); <sup>5)</sup> Net debt divided by EBITDA; <sup>6)</sup> Book value of energy asset plus value of land lease assets; <sup>7)</sup> Net debt divided by Book value of energy assets



## Portfolio of solar PV assets with investment grade off-takers

- 48 wholly owned Solar PV assets in operation with an aggregate production capacity of 153 MW
- Geographically diversified across four European jurisdictions, with significant political, commercial and environmental support
- All assets connect directly to the national power grids on long term FiT/PPA contracts with Investment grade counterparties



## Efficient operations and risk management

- Acquisition process with extensive due diligence by market leading legal and technical advisors
- Master O&M agreement and 24/7 plant monitoring by market leading providers – 98% performance guarantee
  - Full business interruption and loss of earnings insurance
- Active secondary market for PV assets with project aggregation attracting increasingly larger buyer universe



## Solid contract coverage, strong asset backing and conservative leverage

- Highly visible revenue profile – weighted average unexpired FIT/PPA term of 8.4 years
- Strong asset backing and conservative capital stack relative to industry standard with equity ratio >26%



## High and stable margins and cash conversion with strong interest coverage

- EBITDA margin of >80%
- Strong interest coverage ratio ("ICR") of >2.4x through the bond life



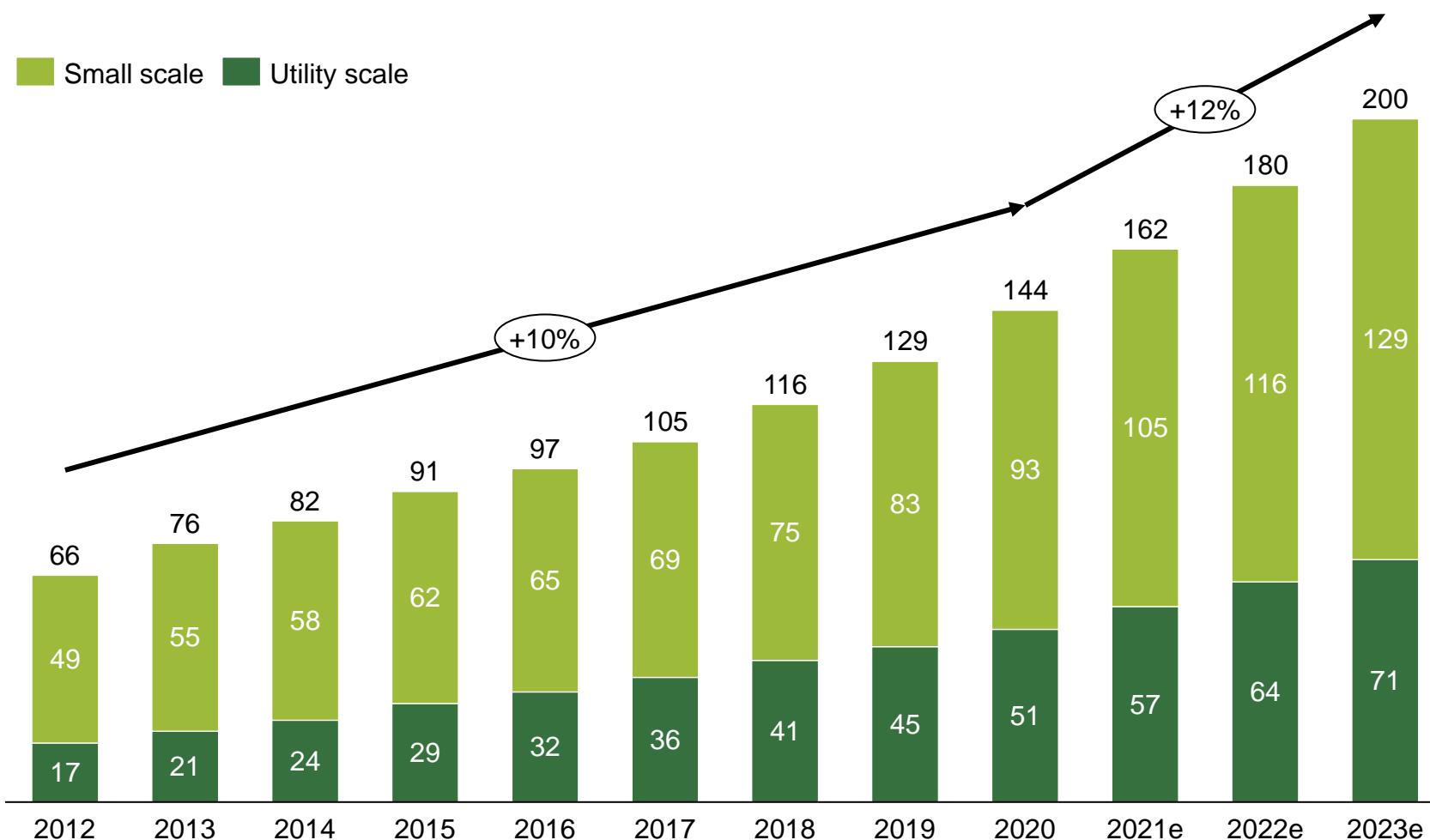
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# MARKET OVERVIEW

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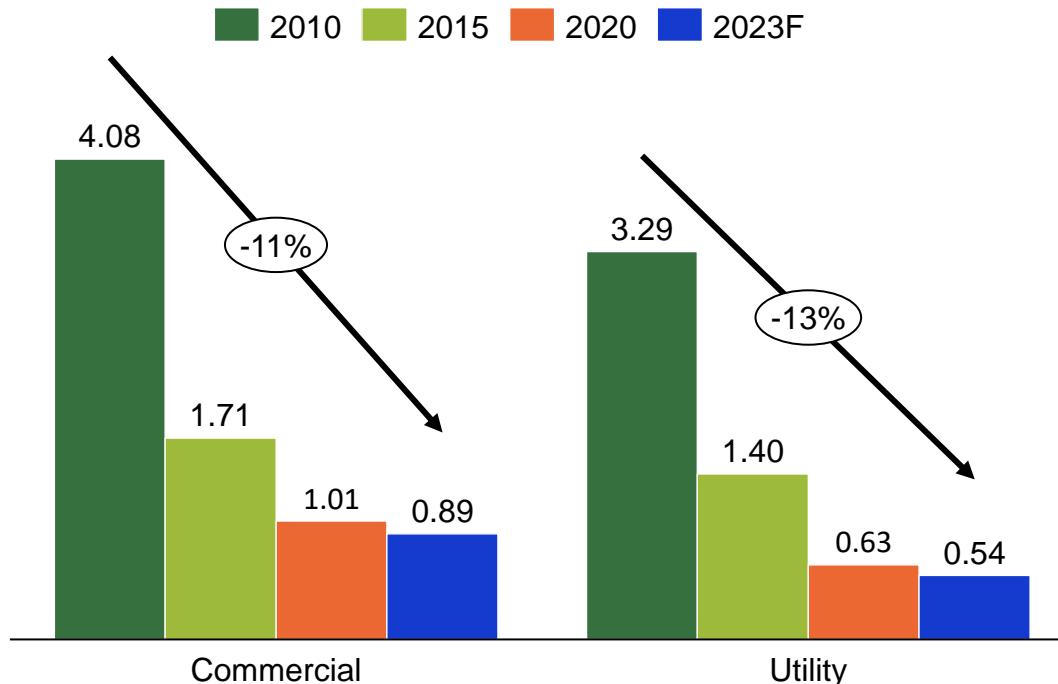
## Installed solar capacity in Europe (GW)



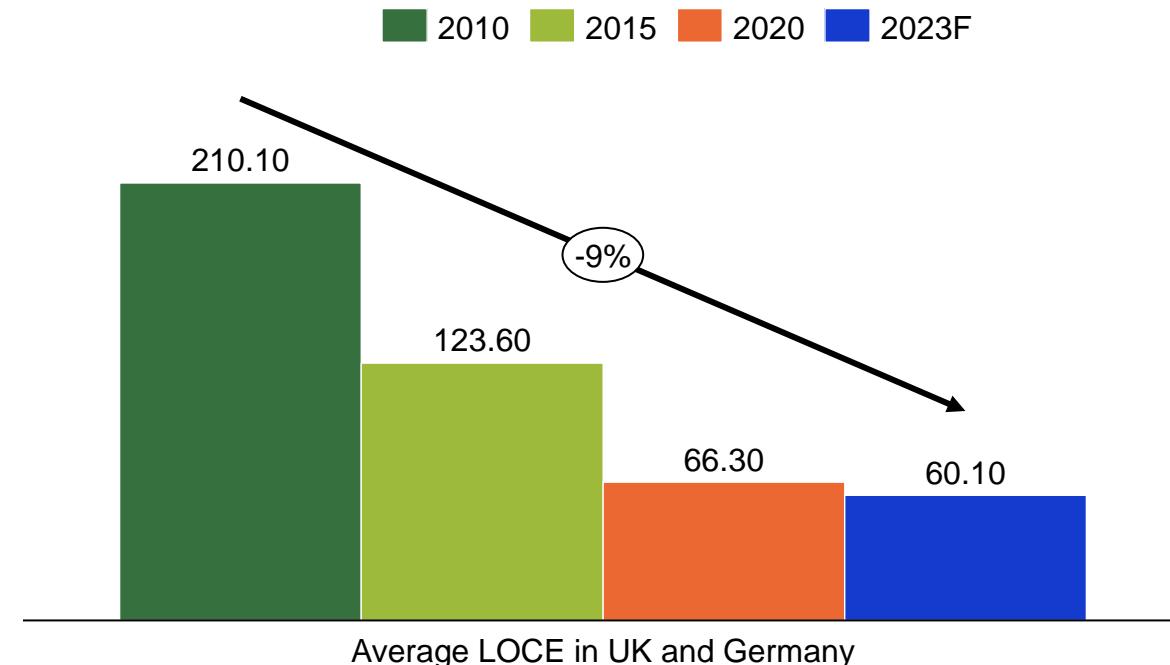
## Commentary

- European solar power capacity has increased rapidly in the last decade, growing 10% p.a. since 2012
- Going forward, Europe capacity expected to continue growing fast, with annual growth of 12% towards 2023
- Annual capacity additions expected at ~29GW in 2021-23, approx. similar y/o/y growth rate as 2019

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



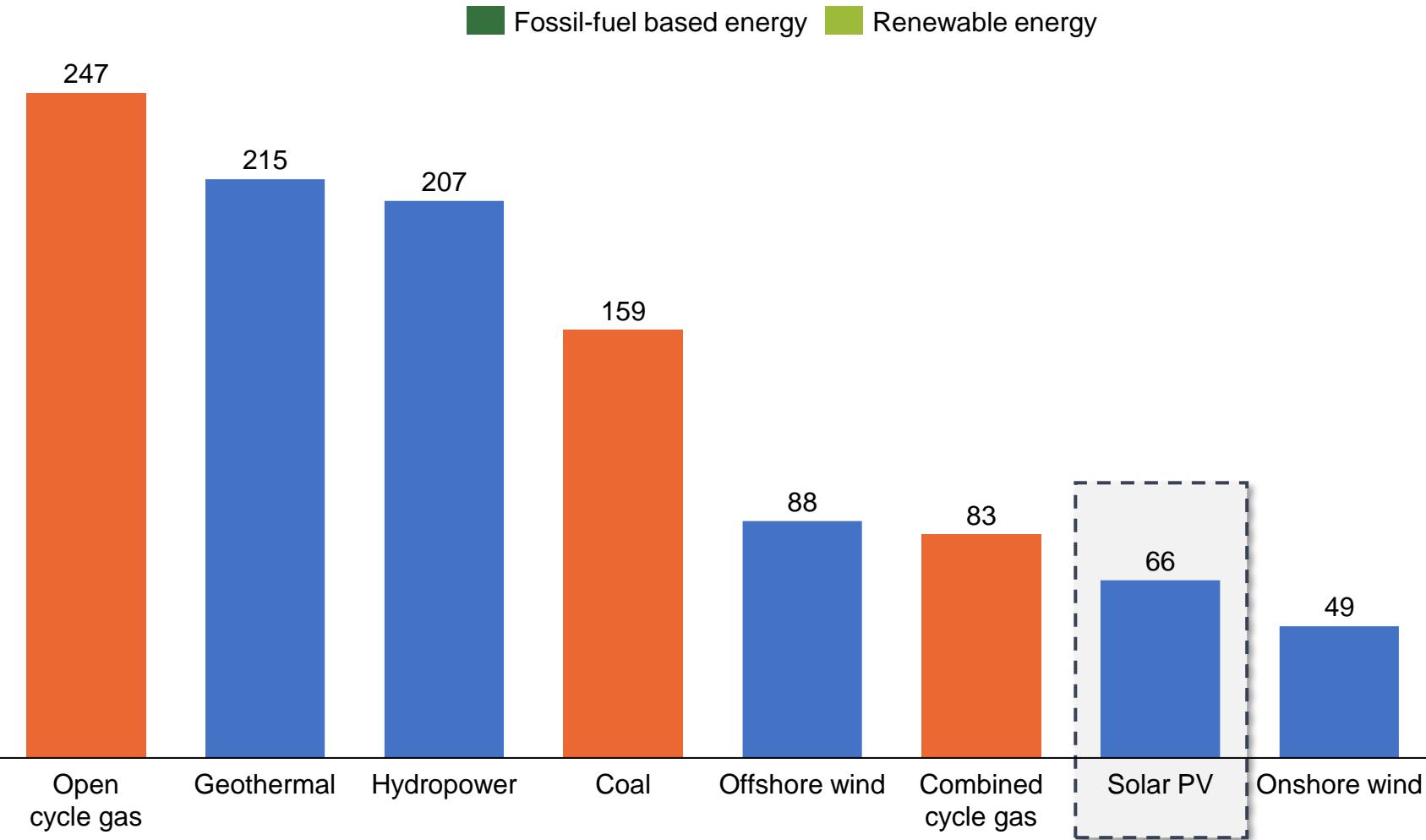
## Levelized Cost of Energy (LCOE): Solar in Europe (USD/MWh)



- 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

- 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)

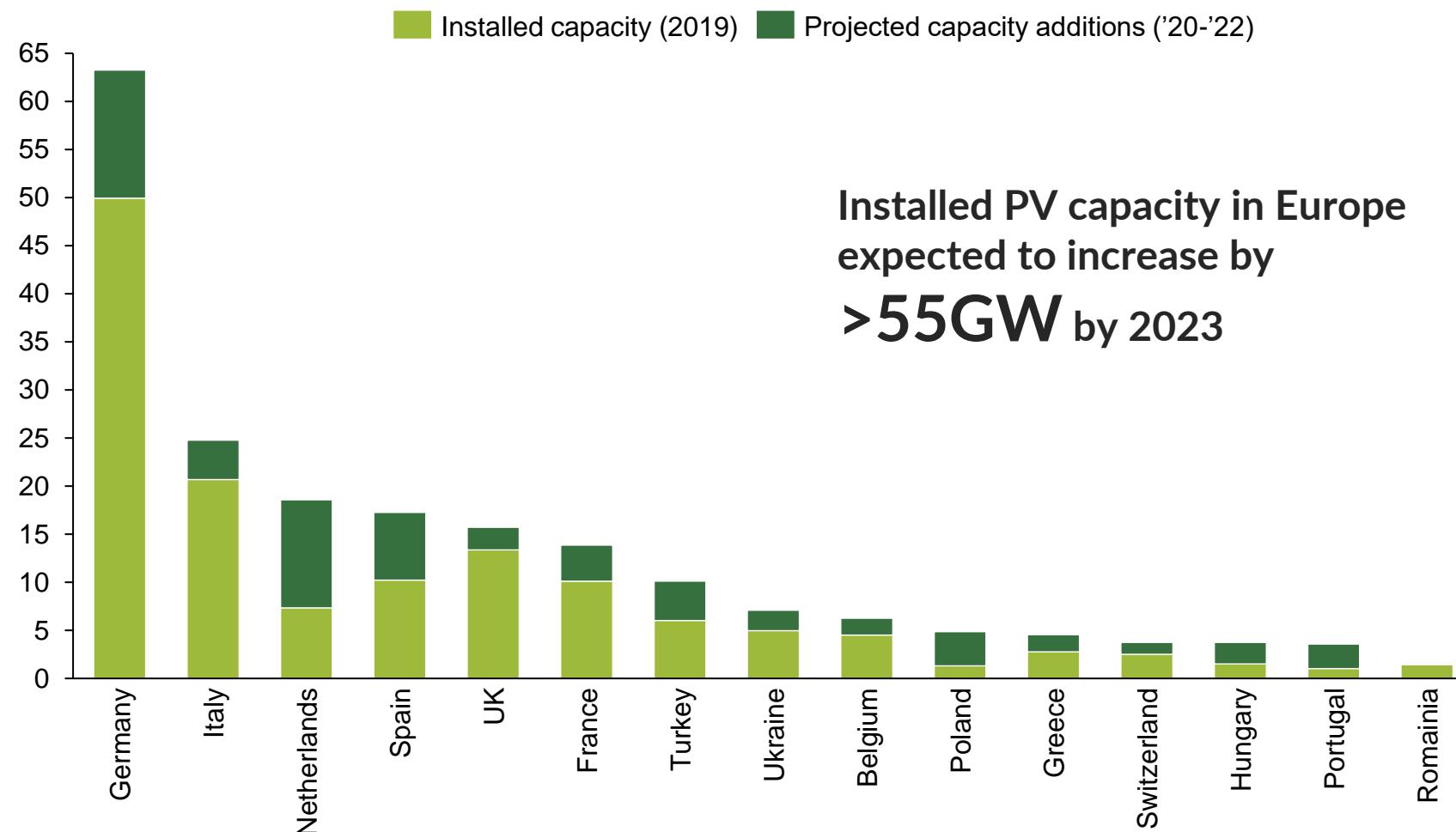
## Levelized Cost of Energy (LCOE) in Europe 1), by Technology (USD/MWh, real 2019)



## Commentary

- After falling 70% since 2010, solar power is now the second-cheapest source of energy in Europe, 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)



## Commentary

- Germany 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 7-13GW vs. 2020
- Several countries to add 2-5GW of PV capacity by 2023, incl. Turkey, Italy, France, Poland, UK, Ukraine, Hungary, Portugal



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# RISK FACTORS

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An investment in the Issuer's bonds (the "Bonds") involves inherent risks, and an investment in the Bonds 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 following risk factors discuss the principal risks that the Issuer, its parent company Alternus Energy Group PLC (incorporated in Ireland and referred to as the "Parent") and all of the Issuer's and the Parent's subsidiaries (together the "Group") face. Any of these risk factors could have a significant or material adverse effect on the Group's business, results of operations, financial condition or liquidity. They could also cause significant fluctuations and volatility in the trading price of the Bonds (including the Additional Bonds) and/or result in the Issuer being unable to fulfil its payment obligations under the Bonds, resulting in the loss of all or part of an investment in the same. Readers should not consider any descriptions of these factors to be a complete set of all potential risks and uncertainties that could affect the Group, and 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. 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 BUSINESS AND INDUSTRY OF THE GROUP**

### ***The Parent is a holding company which relies on distributions and other payments, advances and transfers of funds from its subsidiaries to meet its obligations***

The Parent has no direct operations and derives all of its cash flow from its subsidiaries. Because the Parent conducts its operations through its subsidiaries, the Parent 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 Parent.

### ***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 tariff ("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.

### ***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 ("PPA") and FiTs for 100% of its 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, solar parks may choose not to enter into PPAs and sell based on the spot market price of electricity. Revenue for our solar parks 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 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.

### ***The seasonality of the Group's operations may affect its liquidity and will affect its 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 adversely affect the Group's business, results of operations, cash flows and financial condition.

### ***Risk 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 Bondholders 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 our 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. The failure to integrate acquired businesses effectively may adversely impact the Group's business, results of operations or financial condition.

### ***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 our 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.

***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 begins 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, balance-of-system components, EPC and 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 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 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.

***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 totaling 6 MW were constructed in Romania in 2014, the Group began to acquire existing operational solar parks in Italy. As of June 30, 2021, the Group had a total of 65 MWs of operating solar parks with a carrying value of 106,8M Euros.

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 effective 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. In particular, the results of operations, financial condition and future success depend, to a significant extent, on the Group's ability to develop and continue good working relationships with local developers, who identify suitable sites and obtain required regulatory approvals on behalf of the members of the Group, its ability to arrange financing from various sources, construct solar parks in a cost-effective and timely manner with its EPC partners, expand its project pipeline and manage and operate solar parks that the Group develops and acquires. If the Group cannot do so, it may not be able to expand its business at a profit or at all, maintain its competitive position, satisfy its contractual obligations or sustain growth and profitability.

***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.

***The Group's business as an independent power producer ("IPP") requires significant financial resources. 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, in addition to the Bonds, 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 acquisition of PV parks (through acquisition of single purpose vehicles/project companies), pipeline development, working capital and general corporate purposes.

The Group reviews its forecasted cash flows on an on-going basis to ensure that it will have sufficient capital from a combination of internally generated cash flows and proceeds from financing activities, if required, in order to fund its working capital and capital expenditures. The Group believes that adequate sources of liquidity will exist to fund its working capital and capital expenditures, and to meet its short-term debt obligations, other liabilities and commitments as they become due.

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.

***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 our competitive capabilities could have a significant adverse impact on the Group's market share and on the margins it generates from its solar parks.

Moreover, 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 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 we 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.

***The growth prospects and future profitability of the Group depends to a significant extent on the availability of additional funding options with acceptable terms***

The Group 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 additional equity financing may be dilutive to the Group's shareholders and any debt financing may require restrictive covenants. 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.

***Risk related to key 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 employees, including other 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 and adversely affected. In addition, the Group does not maintain any "key-man" insurance policies on Mr. Vincent Browne or any other employees.

***Litigation risk***

Although no company within the Group is currently involved in any significant litigation, administrative or arbitral proceedings, the Group may, in the ordinary course of its 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 flow. Moreover, legal proceedings, particularly those resulting in judgments or findings against the Group, may harm its reputation and competitiveness in the market.

***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 EUR 2 million. Even though it is not possible to state with any certainty when the expropriation will proceed and have any effect on the Group's operations, it currently appears likely that the process will proceed in Q1 2022. 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 our 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 our 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 the construction and operating phases of any solar park so situated.

***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.

***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 labor***

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.

### ***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 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 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 they 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.

### ***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 our revenues. Unanticipated capital expenditures associated with upgrading or repairing our 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 will in the future file for, bankruptcy protection, potentially reducing the availability of parts that the Group requires to operate certain of our 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.

### ***The Group's 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 the Group operates that reduces solar radiation will adversely affect its business and results of operations. In addition, 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.

During periods of curtailed activity, the Group may continue to incur operating expenses. The Group may bear some or all of the losses associated with such unforeseen events. 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.

### ***The Group is subject to counterparty risks under its FiT price support schemes and GC Schemes***

As an IPP, the Group generates 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 fulfill 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.

### ***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.

### ***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.

## ***The Group conducts its business operations globally and is subject to global and local risks related to economic, regulatory, 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, 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 which affect the Group, its customers and partners makes it difficult for the Group to forecast operating results and to make decisions about future investments.

## ***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.

## ***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.

## ***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")***

After the outbreak of the Covid-19 pandemic, the global economy has been experiencing a period of uncertainty. Authorities worldwide have adopted strict measures to reduce and slow its spread. These measures also impact global economic activity, and the Group has experienced 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.

There are great uncertainties regarding the definite consequences of the Covid-19 outbreak. Any prolonged and uncontained outbreak of Covid-19 could contribute to a general slowdown in the global economy, and adversely impact the Group's ability to operate its business and the businesses of its counterparties, any of which could have a materially adverse impact on the Group's business, results of operations and financial condition.

Furthermore, the outbreak of Covid-19 has caused significant volatility in global markets and in the market price of the Group's securities. The volatility and market uncertainty caused by Covid-19 has resulted in a delay to the Group's current funding initiatives and have also seen the cost of borrowing increase since the outbreak began. Delays in planned new funding being available caused by Covid-19 may result in the Group not being able to meet its obligations under existing loan facilities.

Moreover, governmental authorities may recommend or impose other measures that could cause significant disruptions to the Group's business operations in the regions most impacted by the coronavirus to which it is particularly exposed in Europe. A prolonged disruption could materially adversely affect the Group's business, results of operations and financial condition.

## **RISKS RELATED TO INDEBTEDNESS**

### ***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 June 30, 2021, the Group had EUR 2.2 million in outstanding short-term borrowings and EUR 118.6 million in outstanding long-term bank borrowings. The Group is, and following the issuance of the Additional Bonds, will continue to be, highly leveraged. The degree to which the Group remains or becomes leveraged following the issuance of the Additional Bonds could have important consequences to holders of Additional Bonds 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.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations under the Bonds.

The Group may also incur substantial additional indebtedness in the future, including in connection with any future acquisition. Although the Bond Terms contain restrictions on its ability to incur additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Under the Bond Terms, in addition to specified permitted debt, the Group are able to incur additional debt so long as on a pro forma basis meets certain incurrence test and satisfies all relevant conditions. In addition, the Bond Terms do not prevent the Group from incurring obligations that do not constitute indebtedness under those restrictions. 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.

***If the Group fails to comply with financial and other covenants under the Bond Terms or any other loan agreements, 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 loans and other financial commitments. Similarly, the Bond Terms contain covenants that requires the Group to maintain certain financial ratios or impose certain restrictions on disposition of its assets or the conduct of its business.

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 and restrictions 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 the Bond Terms could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions. 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 make payments to enable the Group to repay the Bonds.

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.

## **RISKS RELATED TO THE BONDS, THE GUARANTEES AND THE SECURITY**

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

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***The Issuer has several call options on the Bonds, which will reduce the sum of interest payments made if exercised***

The Bond Terms provide that the Bonds shall be subject to optional redemption by the Issuer at their outstanding principal amount, plus accrued and unpaid interest, plus in some cases a premium calculated in accordance with the terms and conditions of the Bond Terms. It may not be possible for Bondholders to reinvest proceeds at an effective interest rate as high as the interest rate on the Bonds.

### ***Although the occurrence of specific change of control and other put option events affecting the Issuer will permit the Bondholders to require the Issuer to redeem the Bonds, the Issuer may not be able to do so***

Upon the occurrence of specific change of control or other put option events affecting the Issuer, the Bondholders will have a right to require the Issuer to redeem the Bonds at 101% of their principal amount, plus accrued and unpaid interest. The Issuer's ability to repurchase the Bonds upon such a change of control event may be limited by the Issuer's access to funds at the time of the redemption and the Issuer's other debt agreements.

### ***Mandatory prepayment events may lead to prepayment of the Bonds at a time when the Bondholders may not be able to reinvest the prepayment proceeds at an equivalent rate of interest***

In accordance with the terms and conditions of the Bond Terms the Bonds will be repaid at the scheduled instalment and are as well subject to mandatory prepayment (on similar terms as the call options) upon the occurrence of certain events. Following an early redemption Bondholders may not be able to reinvest in financial instruments with an equivalent rate of interest and may only be able to do so at a significantly lower rate.

### ***A trading market that provides adequate liquidity for the Bonds may not be available***

There can be no assurance given that a trading market for the Bonds will be available. Even though the Issuer may apply for listing of the Bonds on a regulated market or other exchange, the Issuer has not entered into any market making scheme for the Bonds and potential investors should note that it may be difficult or even impossible to trade and sell the Bonds on the secondary market, and the Bonds may not be readily accepted as collateral for loans or other liabilities.

## ***The Bonds are subject to purchase and transfer restrictions***

While the Bonds are freely transferable and may be pledged, Bondholders will be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business or similar), including, but not limited to, specific transfer restrictions applicable to Bondholders located in the United States.

Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.

## ***The trading price of the Bonds may be volatile***

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds, and the subordinated nature of the Bonds may add to such volatility. Any such disruptions could adversely affect the prices at which investors may sell their Bonds. In addition, subsequent to their initial issuance, the Bonds may trade at a discount from their initial placement, depending on the prevailing interest rates, the market for similar bonds, the performance of the Issuer and other factors, many of which are beyond the Issuer's control.

## ***Bondholders may face currency exchange risks or adverse tax consequences by investing in the Bonds denominated in currencies other than their reference currency***

The Bonds will be denominated and payable in EUR. If a Bondholder is a non-EUR investor, an investment in the Bonds will entail currency exchange related risks due to, among other factors, possible significant changes in the value of the EUR to other relevant currencies. Depreciation of the EUR against other relevant currencies could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to Bondholders when the return on the Bonds is translated into the currency by reference to which a Bondholder measure the return on its investments. There may be tax consequences for a Bondholder as a result of any foreign currency exchange gains or losses resulting from its investment in the Bonds. A Bondholder should consult its tax advisor concerning the tax consequences to Bondholders of acquiring, holding and disposing of the Bonds.

## ***The Bond Terms allow for modification of the Bonds and waivers that may be implemented without the consent from each Bondholder***

The Bond Terms include provisions for convening Bondholder meetings and decisions may be made by defined majority of the Bondholders, implementing changes that are binding for all Bondholders.

## ***The value of the Transaction Security may not be sufficient to satisfy all claims by the Bondholders***

If the Issuer defaults on the Bond Terms, the Bondholders will be secured only to the extent of the value of their security and the underlying assets (the "Transaction Security"). If the value of the Transaction Security is less than the value of the claims of the Bondholders together with the claims of the other secured creditors, those claims may not be satisfied in full. The fair market value of the Transaction Security is subject to fluctuations based on factors that include, among others, the Issuer's ability to implement its business strategy, the ability to sell the Transaction Security in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of any Transaction Security would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Transaction Security at such time, general, market and economic conditions and the timing and the manner of the sale. There also can be no assurance that the Transaction Security will be saleable and, even if saleable, the timing of any liquidation or foreclosure is uncertain. To the extent that liens, retention of title arrangement, rights, easements or other security and quasi-security arrangement encumber the Transaction Security, the beneficiaries of such rights have or may exercise rights and remedies with respect to the relevant assets that could adversely affect the value and scope of the Transaction Security and the ability of the

Bond Trustee to enforce and realize the collateral. Values from appraisals of the value of any of the security (or underlying transaction security) may not be correct.

## ***There may be difficulties in enforcing the Transaction Security***

The Transaction Security might be subject to defects, encumbrances, liens and other liabilities permitted under the Bond Terms. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the security, as well as the ability of the Bond Trustee to enforce or realize the Transaction Security. Furthermore, the ranking of the Transaction Security can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements or statutory liens under the laws of certain jurisdictions. There can be no assurance that the Transaction Security are, or will be, free and clear from third-party prior ranking security rights or other interests arising by operation of law. Furthermore, enforcement of Transaction Security will be subject to statutory enforcement laws which, among other things, may impact how the enforcement shall be done and the time the such process will take.

Any such rights or interests would adversely affect the value of the Transaction Security and the ability of the Bond Trustee to enforce or realize such security. The Transaction Security will be subject to practical problems generally associated with the realization of security. The Bond Trustee may also need to obtain the consent of a third party to enforce a Transaction Security in certain jurisdictions. No assurance can be given that the Bond Trustee will be able to obtain any such consent or that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Bond Trustee may not have the ability to foreclose upon those assets, and the value of the Transaction Security may decline significantly.



6

## APPENDIX

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## VINCENT BROWNE | Chairman

- Joined Alternus in 2015 as CFO, completed an MBO in 2016 taking majority ownership, became Chairman and CEO in 2017
- 20+ years of international experience in finance and operations, including M&A, project finance and capital market transactions for both public and private companies
- Previously held both CEO and CFO positions at other OTC-listed companies in the US
- BComm (Accounting) University College Dublin



## JOHN THOMAS | Vice Chairman

- Co-Founder and Managing Partner of Doonbeg Group, Inc., an advisory and merchant banking firm founded in February of 2013
- Accomplished Senior Executive with core skill sets of leadership, strategic, and operational management in an international environment
- Significant expertise in international trade and finance with proven success in the transportation, defence, and infrastructure industries with an emphasis in the emerging markets
- B.S. in Business Administration



## JOHN MCQUILLAN | Board Member

- CFO of Homecare Direct and a non-executive director in a range of industries in the leasing, accounting, utilities and consumer goods industries
- Was Financial Controller of the ESB Group Network Business before starting his own practice in 2005 providing audit, assurance and accounting services to a wide range of clients in the SME sector, including professional and financial services
- Fellow of Chartered Accountants Ireland and an Associate of the Chartered Institute of Arbitrators in Ireland



## TONE BJØRNØV | Board Member

- Since 2006, Tone has worked full-time as a portfolio non-executive chair of boards and board member
- Present board positions include Atlantic Sapphire ASA, Aqua Bio Technology ASA, Filmparken AS and Varme og Bad AS
- +20 years experience within Corporate Banking and Investor Relations at DNB in Oslo and London
- B.Sc from BI Norwegian Business School and B.A. from University of Oslo



## JAVAIDE CHAUDHRI | Board Member

- International transactional lawyer with extensive experience in mergers & acquisitions across several sectors
- 35+ years' legal experience both in-house and in practice. Most recently Of Counsel with Jones Day and previously, Partner in Charge of Middle East & Africa, Jones Day and Chief Legal Officer of Sempra Energy
- Serves on several non-profit boards such as the University of California Global Policy & Strategy School, the Institute of the Americas, the Yale International Alliance, the US-Asia Institute and the San Diego Zoo Global among others
- B. Sc & MSc Environmental Science degree from Yale University and a Juris Doctor degree from Georgetown University

## Top-Tier due diligence advisors

- 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
- Advisors are approved by our senior lending partners for deal evaluation
- Advisor opinions are binding

### Legal DD advisors

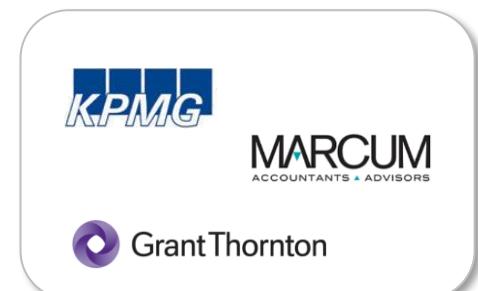
- *Legal due diligence on PV Parks and SPV's*
- *Draft SPA Agreements*
- *Permit Authorisation & Verification*
- *Regulatory advice and compliance*
- *Financing contracts*
- *International support network*

### Technical DD advisors

- *Risk Assessments*
- *Desk and physical audit*
- *Red Flag reports*
- *Performance measurement*
- *Regulatory and planning compliance*
- *Performance improvement*

### Financial DD advisors

- *Financial due diligence previous 3 years*
- *Tax due diligence*
- *Tax planning*
- *Project modelling*
- *Corporate finance*
- *International support network*



## PV MARKET OUTLOOK

# PORTFOLIO OVERVIEW

- Total solar PV cumulative capacity was 21.3 GWp at the end of 2020<sup>1</sup>
- Currently the second largest solar PV market share in the EU at 16%
- Set to double solar PV capacity to 51 GWp by 2030 according to the National Energy Climate Plan (NECP) for Italy
- The NECP 2030 target to be supported with long term Power Purchase Agreements (PPAs) and government-backed Contract for Difference (CFD) type mechanisms

	OWNED (operational)	Teverola <sup>1)</sup>	Pro-forma portfolio
<b>Total Projects Capacity</b>	10.5 MWp	1.0 MWp	11.5 MWp
<b>Estimated Annual Production</b>	12.4 GWh	1.2 GWh	13.6 GWh
<b>Estimated Annual Revenues</b>	€3.9M	€0.4M	€4.3M
<b>Estimated Annual EBITDA</b>	€3.6M	€0.38M	€3.9M
<b>Average Yield (kWh/kWp)</b>	1,117	1,222	1,126
<b>Co2 – eq Avoidance p/a</b>	9.3 Kt	1.1 Kt	10.4 Kt



Source: Solar Power Europe EU Market Outlook 2020 – 2024

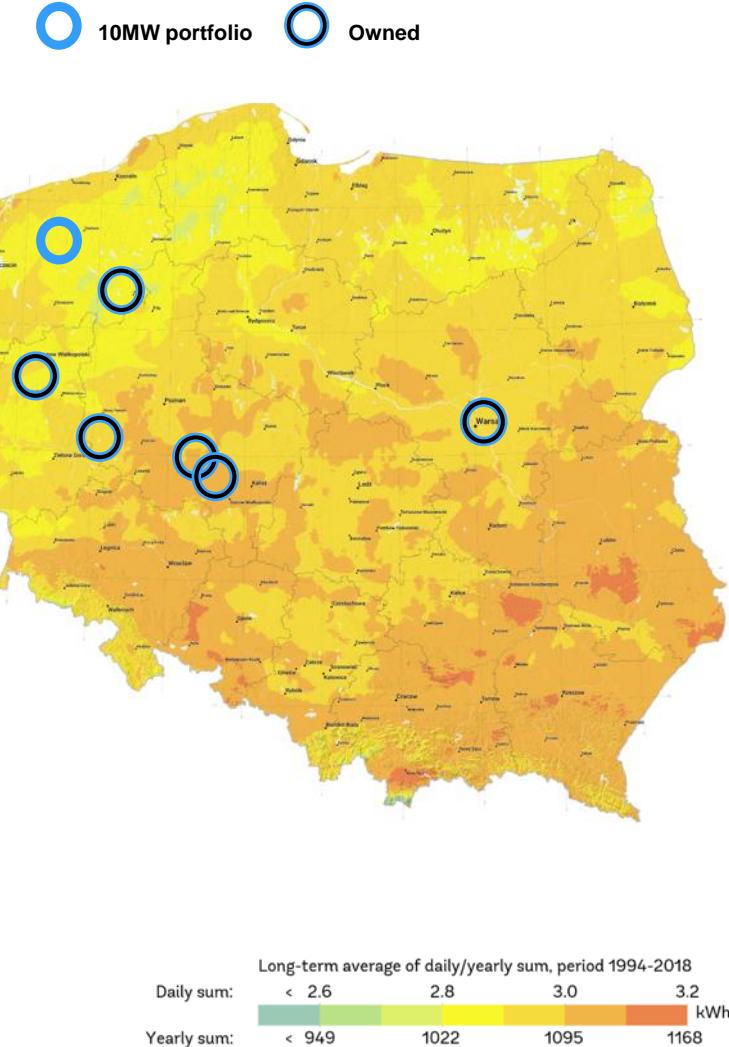
<sup>1.</sup> Funded from proceeds raised in tap issue completed in November 2021, however closing delayed due to Covid



- Total solar PV cumulative capacity was 7.1 GWp by the end of 2021, with more than 1 GW installed in 2020
- Solar Power Europe estimates a further 9.7 GW will be installed from 2022-2026
- The NECP 2030 target is supported by government auctions and long term PPAs



	OWNED (operational)	10 MW expected to be acquired	Post tap portfolio
<b>Total Projects Capacity</b>	78.6 MWp	9.98 MWp	88.6 MWp
<b>Estimated Annual Production</b>	83.2 GWh	10.7 GWh	93.9 GWh
<b>Estimated Annual Revenues</b>	€5.9M	€0.8M	€6.7M
<b>Estimated Annual EBITDA</b>	€5.1M	€0.6M	€5.7M
<b>Average Yield (kWh/kWp)</b>	1,067	1,078	1,067
<b>Co2 – eq Avoidance p/a</b>	88 Kt	12 Kt	100 Kt

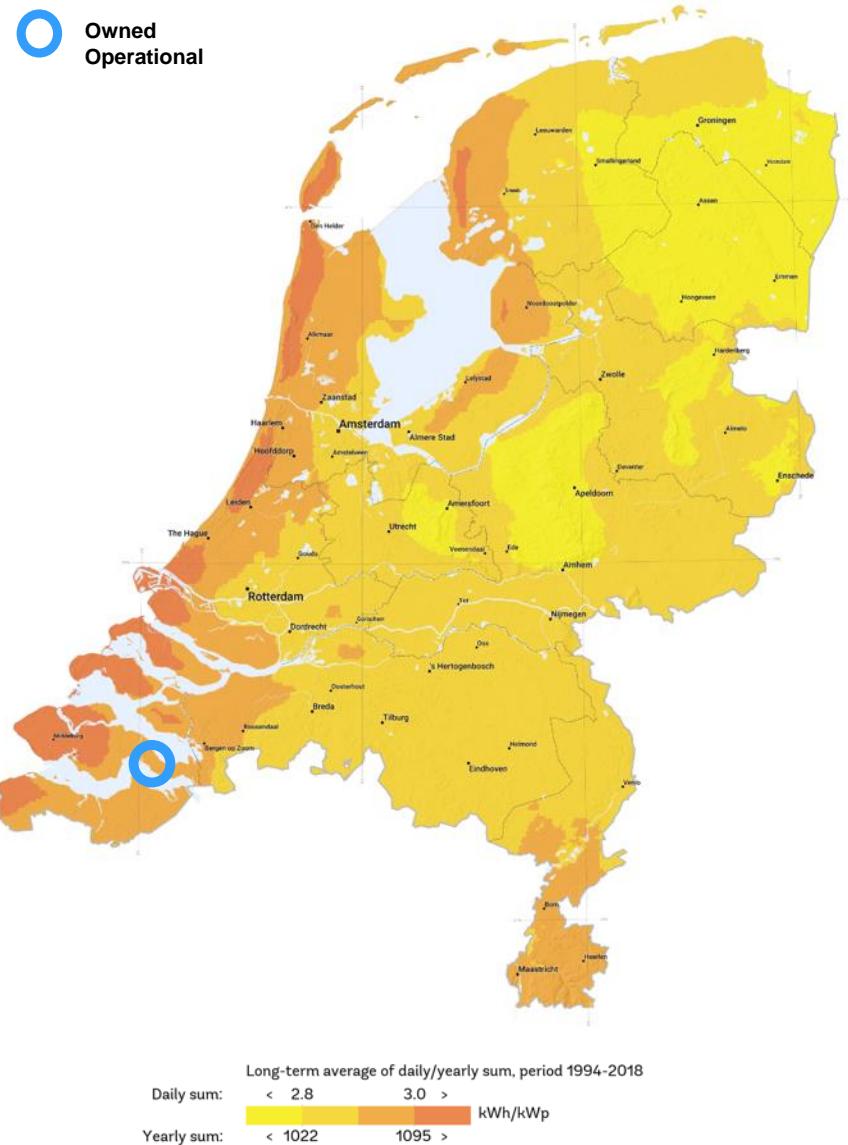


## PV MARKET OUTLOOK

- Total PV cumulative capacity was a 23% increase from 2019 at 9.2 GWp by the end of 2020<sup>1</sup>
- Set to expand total solar PV capacity by two thirds to 27 GWp by 2030 according to the National Energy and Climate Plan (NECP) for the Netherlands
- The NECP 2030 target to be supported with government backed SDE++ (Stimulation of sustainable energy production) Tendering Scheme

## PORTFOLIO OVERVIEW

OWNED (operational)	
<b>Total Projects Capacity</b>	11.75 MWp
<b>Estimated Annual Production</b>	10.3 GWp
<b>Estimated Annual Revenues</b>	€1.1M
<b>Estimated Annual EBITDA</b>	€.85M
<b>Average Yield (kWh/kWp)</b>	876
<b>Co2 – eq Avoidance p/a</b>	9 Kt

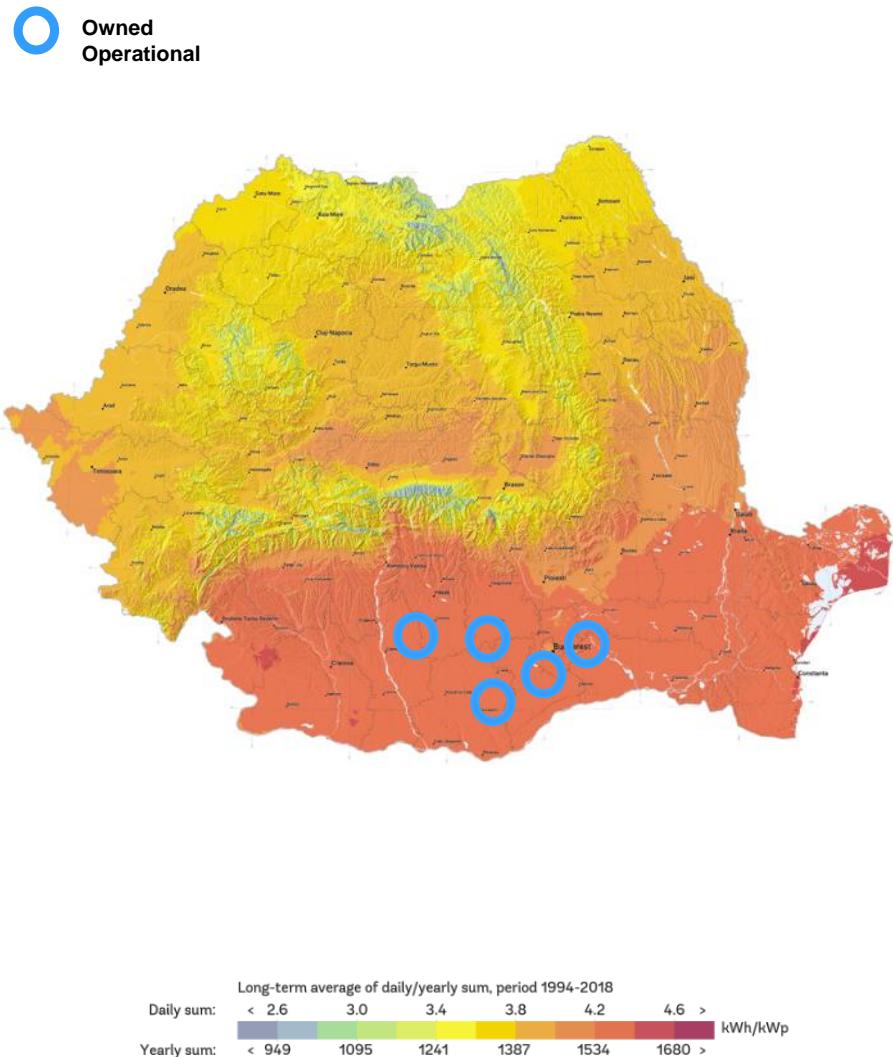


## PV MARKET OUTLOOK

- Total solar PV capacity was 1.4 GWp by the end of 2020<sup>1</sup>
- Set to expand solar PV capacity by more than double the current installed capacity to 5.1 GWp by 2030 according to the National Energy and Climate Plan for Romania
- The NECP 2030 target to be supported through government-backed CFD type scheme in addition to enabling long term PPAs to be concluded between project developers and electricity producers and consumers outside of centralized markets

# PORTFOLIO OVERVIEW

OWNED (operational)	
<b>Total Projects Capacity</b>	39.9 MWp
<b>Estimated Annual Production</b>	48.6 GWp
<b>Estimated Annual Revenues</b>	€14.8M
<b>Estimated Annual EBITDA</b>	€14.0M
<b>Average Yield</b>	1,171 kWh/kWp
<b>Co2 – eq Avoidance p/a</b>	59 Kt



## Key operating activities

### O&M Partner

- O&M by market leading service providers BayWa and Meteo Control
- Master O&M agreement to lock in pricing – 98% performance uptime
- 24/7 park monitoring

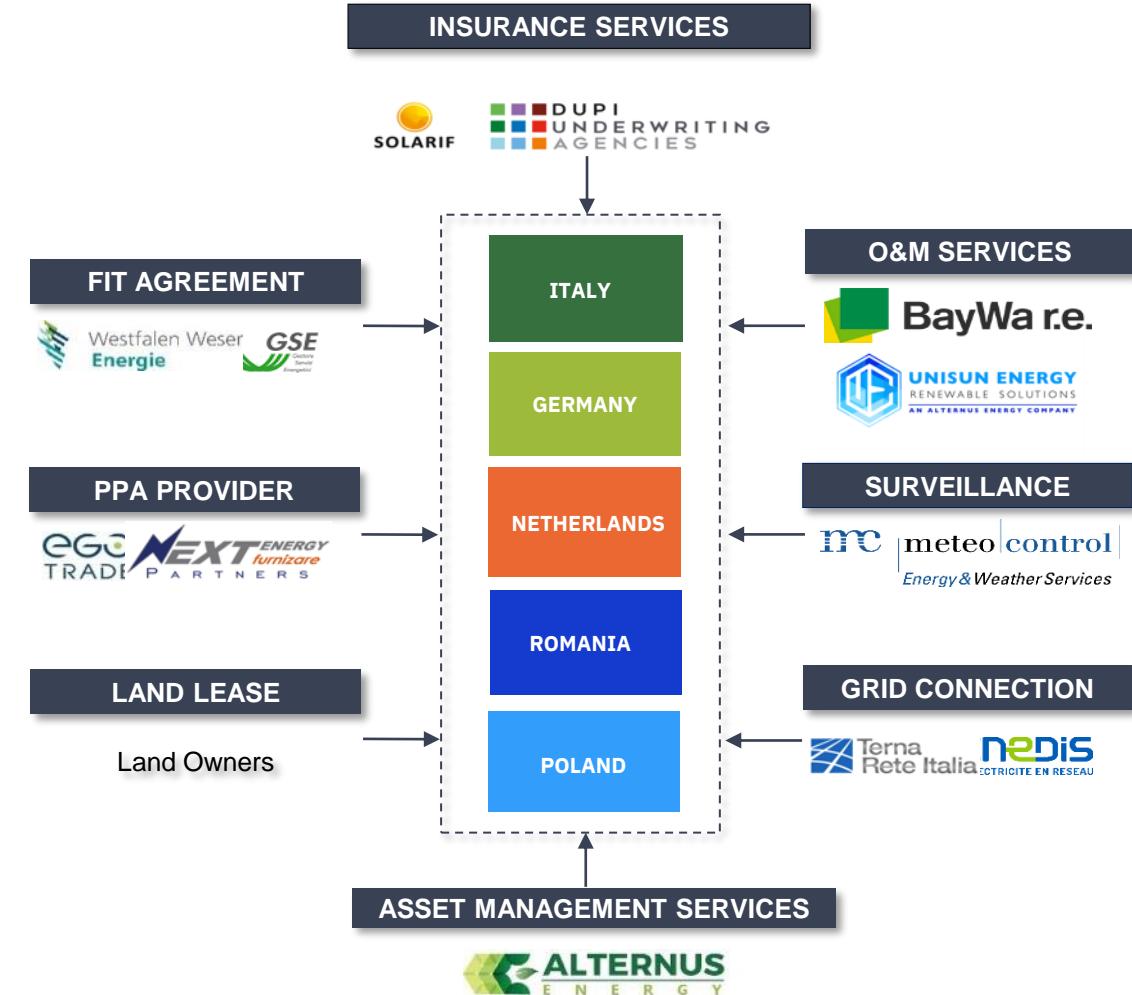
### Asset Management

- In-house asset management
- External advisor groups to prepare the required compliance documents
- Local Operations group in each country provide real time responses as required, and support to the O&M process
- Responsible for liaison with the various land-owners and other stakeholders across the project lifecycle

### Insurance

- Group wide policy terms utilising leading underwriters
- Full coverage for business interruption, loss of earnings insurance and equipment replacement

## Operating flows



## Cost effective & efficient acquisition process...

1

Non-binding offer («NBO») letter & Compliance check (30-45 days)

- Commercial terms lock-in with NBO Letter
- Internal due diligence evaluation to verify LOI inputs
- Top Tier technical and legal Advisors perform 'Red flag' Evaluation

2

Full stage due diligence (30-60 days)

- Due Diligence is undertaken by quality Advisors Orrick, KPMG, Protos & Moroni & Partners.
- Escrow and adjustments to be reflected in the SPA if required

3

Sales purchase agreement (~30 days)

- SPA signed by both parties
- Information package sent to funding partners for drawdown – if applicable

4

Closing (~15 days)

- The transaction is closed and ALTN becomes the owner of the project

## ...with strong risk management

Contractual

- Rigorous Due Diligence and Financial Modelling
- Binding long-term Government backed consumption contracts
- FiT/PPA's with bankable off-takers and municipalities
- Backup Spot Market revenues available constantly

Operational

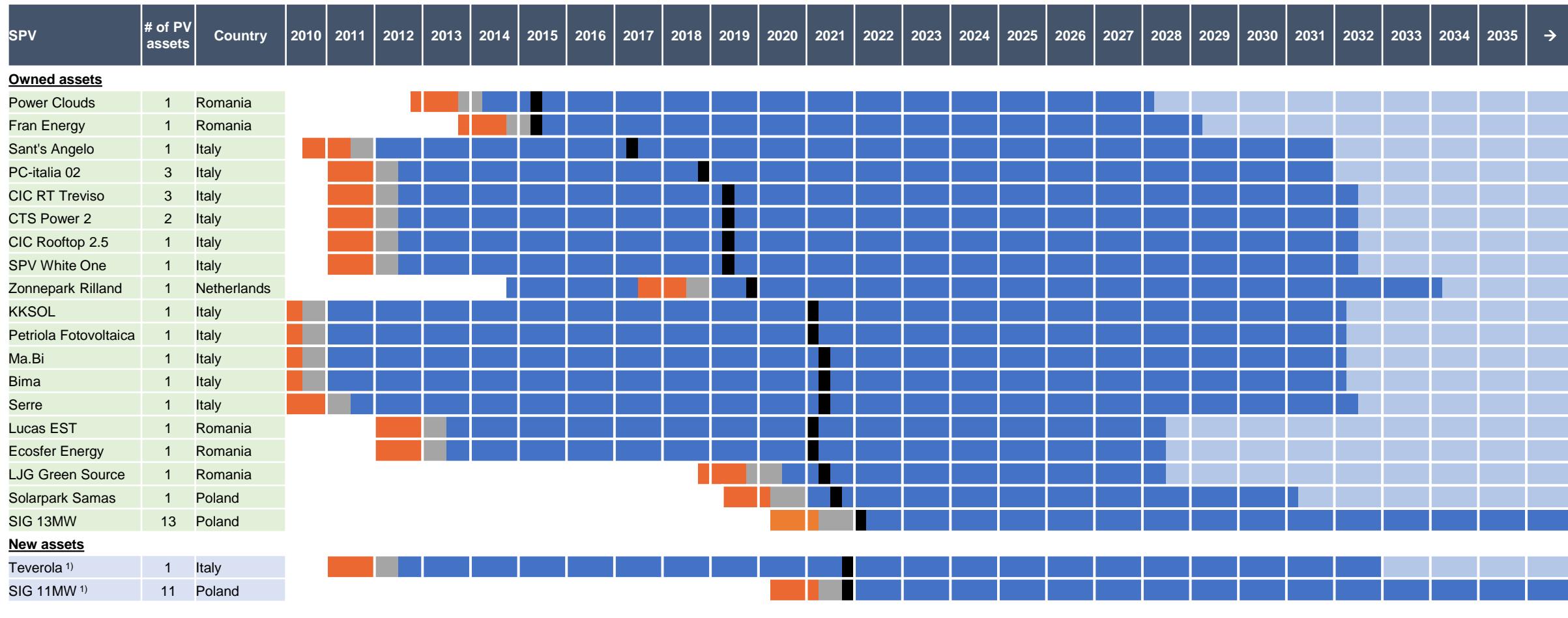
- Diversified portfolio revenues
- Comprehensive performance guarantee insurance
- World leading O&M providers & plant operational performance guarantees
- 24/7 plant monitoring

Geographical

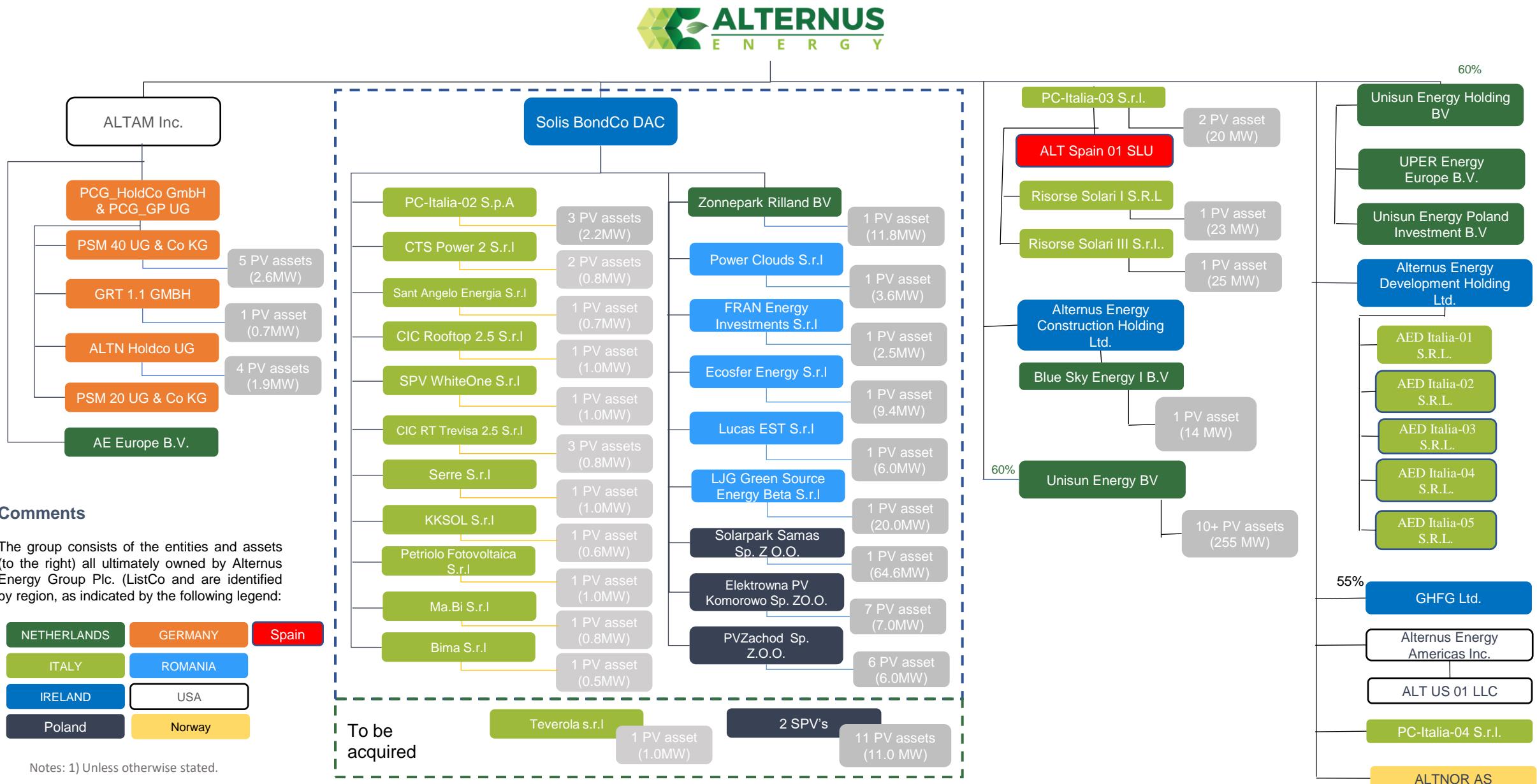
- Country diversification mitigating regulatory risk exposure
- Asset diversification mitigating operational risks from park outages
- Blending of operational incomes allows for better revenue

Exit

- Liquid Assets - highly active and competitive secondary market
- Project origination below market value
- Aggregation attracts more prominent investors & builds larger portfolios

**Weighted average unexpired FiT/GC/PPA term of 8.7 years**


<sup>1)</sup> Debt capital required to fund the acquisition of Italian asset and 1MW of the Polish assets was raised through the tap issue completed in November, the remaining 10MW of Polish assets will be financed through currently contemplated tap issue



EUR '000	2020	2021
<b><u>Cash flows from operating activities</u></b>		
Net profit / (loss)	-	13,991
Depreciation & Amortisation	-	5,432
Gain on bargain purchase	-	(17,939)
Amortisation of debt discount	-	3,152
Change in NWC	-	1,038
<b>Net cash from operating activities</b>	<b>-</b>	<b>5,674</b>
<b><u>Cash flows from investing activities</u></b>		
Proceeds from sale of energy assets	-	(110,995)
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>(110,995)</b>
<b><u>Cash flows from financing activities</u></b>		
Proceeds from Alternus Energy Group, Plc	-	25,813
Payments on debt principle, net	-	(24,266)
Proceeds from issuance of debt	-	123,315
Payments on lines of credit, net	-	(31)
Payments on leased assets, Principle	-	(1,336)
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>123,495</b>
<i>Effect of exchange rates on cash</i>	-	
<b>Net increase in cash and equivalents for the period</b>	<b>-</b>	<b>18,174</b>
<b>Cash balance, beginning of period</b>	<b>-</b>	<b>-</b>
<b>Cash balance, end of period</b>	<b>-</b>	<b>18,174</b>



## Shareholder overview (as of 10.02.2022)

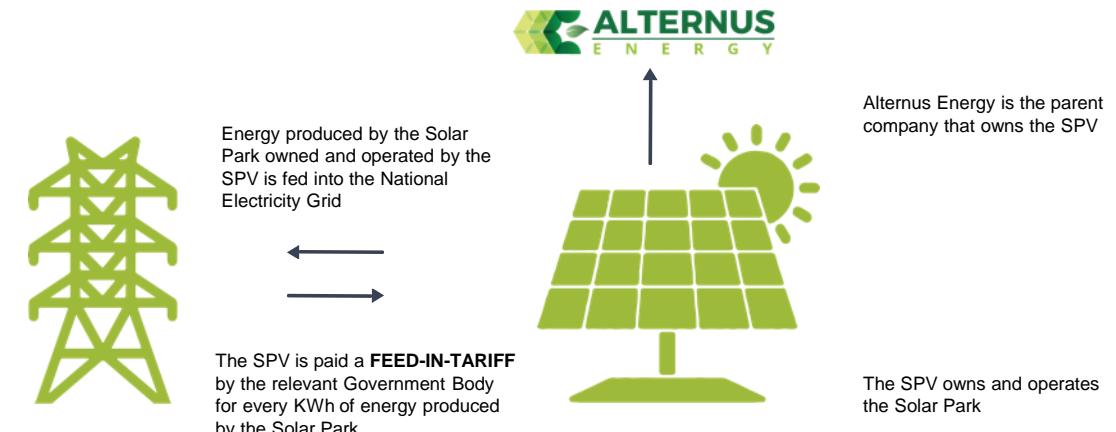
Rank	Beneficial Ownership	Country	Holding	Stake
1	Browne, Vincent* (CEO)	Ireland	4,318,954	16.5%
2	Goldman Sachs & Co. LLC**	United States	2,625,345	10.0%
3	Ludvig Lorentzen AS	Norway	1,778,000	6.8%
4	State Street Bank and Trust Comp**	United States	1,466,048	5.6%
5	Skandinaviska Enskilda Banken AB **	Luxembourg	1,284,658	4.9%
6	Telenergia Europe S.R.L	Italy	972,108	3.7%
7	Spesialfondet KLP Alfa Global Energi	Norway	992,389	3.8%
8	Pershing LLC	United States	928,900	3.5%
9	Morgan Stanley & Co. LLC**	United States	826,652	3.2%
10	Rosenfonn Invest AS	Norway	729,262	2.8%
11	KVANTIA AS	Norway	648,000	2.5%
12	Gaia Energy S.R.L.	Italy	600,000	2.3%
13	Duey, Joseph (CFO)	United States	582,900	2.2%
14	T.D. Veen AS	Norway	525,000	2.0%
15	Matser, Lyke Frederike	Netherlands	478,962	1.8%
16	Durant, Taliesin (CLO)	United States	459,000	1.7%
17	EUROCLEAR NOMINEES LIMITED**	UK	420,124	1.6%
18	Strawberry Capital AS	Norway	407,142	1.6%
19	Thomas, John Paul (Director)	United States	385,500	1.5%
20	O'Brien, Jean Marc	United States	374,922	1.4%
Total Ownership of Top 20 Shareholders			20,803,866	79.3%
Other Shareholders			5,428,410	20.7%
Total			26,232,276	100.0%

\*Through various holdings; \*\*Nominee accounts



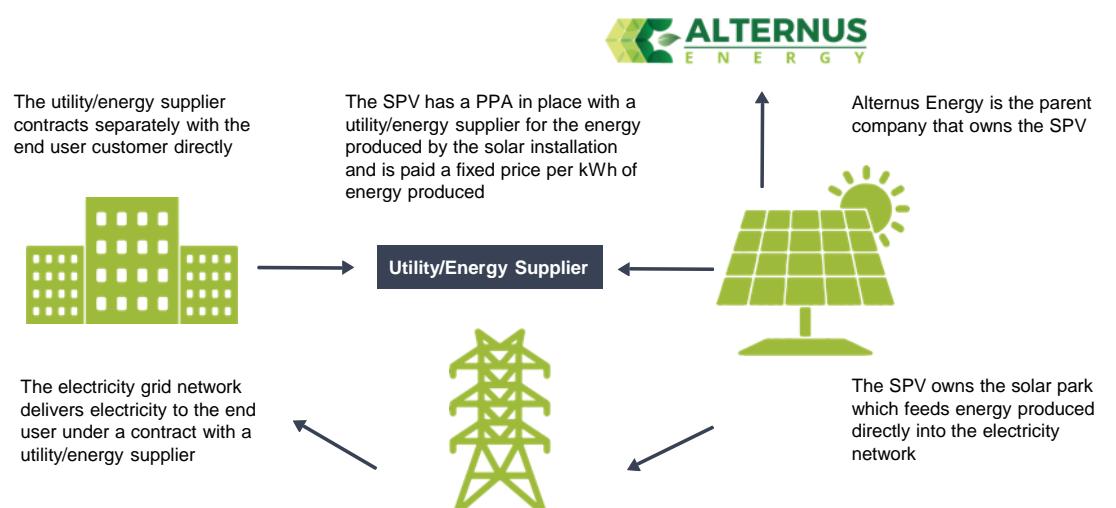
## Feed-in-Tariff (FiT)

- A Feed-in Tariff (FiT) is a renewable energy payment that is a policy mechanism designed to accelerate investment in renewable energy technologies
- It provides the investor with a purchasing guarantee that stipulates a fixed price over the economic life of the power plant
- This is achieved by offering long-term government-backed contracts to renewable energy producers, typically based on the cost of generation of each technology
- The duration of the FiT varies between 8-25 years depending on the country, region and technology
- The FiT rate is not uniform across all renewable energy generating technologies and varies based on numerous criteria and costs
- In Italy and Germany Alternus current operational parks benefit from a 20-year government-backed FiT under the Conto Energia and EEG respectively. In the Netherlands Alternus operational park benefits from a 15-year government-backed FiT under the SDE+ mechanism



## Power Purchase Agreement (PPA)

- All current PPAs for Alternus operational parks are contracted with a utility or energy supplier as the counterparty. Currently ALTN benefits from both a FiT and PPA payment for its Italian operational assets. The company also benefits from a PPA payment as well as Green Certificates for its operational assets in Romania
- A utility PPA is the most common form of PPA, whereby an energy generator enters into an agreement with an energy supplier/utility to purchase the energy produced by the generator
- The contract will stipulate that the generator delivers the power to the energy supplier/utility where the project is physically connected to the grid network
- The terms of the contract can vary depending on the requirements on the energy generator, but it can be arranged that the energy generator is paid a fixed price per kWh of energy produced
- The length of the contract can vary and depends on the requirements of the energy generator but generally can be anywhere between 3 up to 10 years



**CORPORATE  
HEADQUARTERS**

Unit 9/10, Plaza 212,  
Blanchardstown Corporate Park 2,  
Dublin, D15 PK64, Ireland

**WEBSITE**

[www.AlternusEnergy.com](http://www.AlternusEnergy.com)

**EXECUTIVE  
MANAGEMENT**

Vincent Browne (Irish) – CEO  
Joseph Duey (US) – CFO  
Tali Durant (US) – CLO  
Gary Swan (Irish) – CTO

**BOARD OF  
DIRECTORS**

Vincent Browne (Irish) – Chairman and CEO  
John Thomas (US) – Non-Executive Director  
John McQuillan (Irish) - Non-Executive Director  
Javade Chaudhri (US) – Non-Executive Director  
Tone Bjørnov (Nor) - Non-Executive Director

**PUBLIC LISTING**

ALT-NO

