REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL REFERRED TO IN ITEM ONE ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF FALCK RENEWABLES S.P.A. OF 17 NOVEMBER 2020, CALLED TO AUTHORIZE THE CONVERTIBILITY INTO SHARES OF AN EQUITY-LINKED BOND AND TO INCREASE THE SHARE CAPITAL TO SERVICE THE CONVERSION OF THE BOND, PREPARED IN ACCORDANCE WITH ART. 2441, PARAGRAPH 6, OF THE ITALIAN CIVIL CODE, ARTICLE 72 OF CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS, AS WELL AS ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

Item No. 1 on the agenda – Authorisation for the convertibility, pursuant to Article 2420-*bis*, paragraph 1 of the Italian Civil Code, of the equity-linked bond, approved by the Board of Directors on 15 September 2020, reserved for institutional investors and with a nominal value of Euro 200,000,000. Consequent increase in share capital pursuant to art. 2420-*bis*, paragraph 2 of the Italian Civil Code, in one or more tranches, with exclusion of pre-emptive rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, to service the conversion of the aforesaid convertible bond. Amendment of Article 6 of the Bylaws. Related and consequent resolutions.

Dear Shareholders,

the Board of Directors of Falck Renewables S.p.A. ("**Falck Renewables**" or the **Company**") has called you to an Extraordinary Shareholders' Meeting (the "**Meeting**") to discuss and resolve, among other things, on the proposal to authorize the convertibility into Falck Renewables ordinary shares of the equity-linked bond with a nominal value of Euro 200,000,000 (two hundred million), maturing on 23 September 2025, reserved for qualified investors, called "*Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025*", issued on September 23, 2020 (the "**Bond**") and, consequently, the proposed increase in share capital, to service the Bond, for cash and in one or more issues, with exclusion of the pre-emptive right pursuant to art. 2441, paragraph 5, of the Italian Civil Code, for a maximum of €200,000,000 (two hundred million), including any share premium, to be paid in one or more tranches by issuing ordinary shares with regular rights, having the same features as the outstanding ordinary shares (the "**Capital Increase**").

The proposed Capital Increase is therefore instrumental to allow the Company to service the conversion of the Bond – if authorized by the Shareholders' Meeting – with newly issued shares of the Company in the circumstances provided for by the contractual rules set forth in the Bond.

This report is intended to describe the proposed capital increase pursuant to Article 2441, paragraph 6, of the Italian Civil Code, as well as Article 72 of the regulation adopted by Consob resolution no.11971 of 14 May 1999 (the "**Issuers' Regulation**"), as well as Article 125-*ter* of Legislative Decree no. 58 of 24 February 1998 (the "**TUF**").

TRANSACTION FEATURES

1. Context of the Capital Increase

The Capital Increase is part of the issue of the Bond, exclusively reserved to Italian and foreign qualified investors (as defined on the basis of the applicable regulations in force), with the exclusion of the United States of America or other jurisdictions where the offer or placement of the bonds would have been subject to specific authorizations (hereinafter referred to as "**Institutional Investors**") and with the exclusion in any case of any offer to the general public, including in Italy, whose issue was approved by the Board of Directors on September 15, 2020. The main features and purposes of the Bond are set forth below.

2. Features and purpose of the bond issue

The issue of the bonds (the "**Bonds**"), as well as the main terms and features of the Bond, were approved by the Board of Directors on 15 September 2020. The placement of the Bond was launched on 15 September 2020 and concluded on 16 September 2020, with *pricing* defined on 16 September 2020 following the placement procedure. The transaction was settled by issuing the Bonds and paying the subscription price on 23 September 2020.

The amount of the Bond is Euro 200 million.

The proceeds from the issue of the Bonds will be used, where appropriate together with cash available to the Company or to be obtained subsequently, to finance and/or refinance projects falling within the definition of *Eligible Green Asset*, as resulting from the Company's *Green Financing Framework*, prepared in accordance with the Green *Bond Principles* published by the *International Capital Markets Association* (ICMA) in 2018 and the *Green Loan Principles* published by the *Loan Market Association* (LMA) in May 2020. In addition, in the context of the issue of the Bond, DNV GL Business Assurance Italia has prepared and released on September 10, 2020 the so-called *Second Party Opinion*, in order to certify that the proceeds from the issue will be used to finance and/or refinance projects falling within the above definition of *Eligible Green Asset*.

The placement of the Bond was addressed to Institutional Investors specializing in *equity-linked* instruments due, on the one hand, to the complexity of the financial features of the Bond, which, by their nature, normally require an appreciation by investors with high technical knowledge and, on the other hand, to the willingness to ensure the successful outcome of the transaction in a short time, not compatible with the requirements and timing of placement with other categories of investors, including *retail* investors. The offer of the Bond to Institutional Investors has allowed the timely raising of financial resources from the non-bank capital market, allowing the Company to take advantage of the opportunities offered by the favourable market context and the placement conditions deriving from the *equity-linked* features of the Bond. The Board of Directors believes that the issue of the Bond is in the interest of the Company, which has completed a medium-term funding raising on the market at particularly favourable conditions with an issue yield of -0.25% per annum.

In deciding to proceed with the issue of the Bond – with the consequent proposal, herein, to approve the Capital Increase pursuant to Article 2441, paragraph 5, of the Italian Civil Code – the Board of Directors took into account the main advantages of the transaction as structured, in a market context characterized by high volatility in light of the impact, among other things, of the evolution of the Covid-19 pandemic, as described below:

(a) the possibility to timely benefit, given the aforementioned volatility, from positive market windows as soon as they become available, through a rapid placement with Institutional Investors, with a reference market, in terms of audience of investors, compatible with the amount assumed and a rapid execution time;

(b) the extremely rapid execution times, which allowed the Company to minimize its exposure to market risk compared to raising financial resources with alternative instruments. In the *trade-off* between certainty of the conditions of issue on the one hand, and recognition of the pre-emptive right on the other, the first aspect was preferred, believing that the choice best suits the interests of the shareholders, since it allows the Company to issue a relatively small number of new shares at the best possible price if, obviously, the conversion conditions are met;

(c) the raising of funds at favourable conditions of cost and duration, also in consideration of the equity-linked characteristics of the Bonds;

(d) the placement of capital at a premium of 35.00% compared to the market price at the time of the issue of the Bonds, where a capital increase with pre-emptive rights – as per market practice – should have been carried out at a discount; the above premium already takes into account the possibility that the Company may distribute dividends during the life of the Bond up to the amount of Euro 0.067 per share in 2021 and Euro 0.069 per share in 2022, 2023, 2024 and 2025, without the conversion price being adjusted to compensate the holders of the Bonds for the dividends distributed (the so-called “dividend protection” clause);

(e) a wider diversification of financial resources and investors as well as greater international visibility for Falck Renewables Group in light of the placement of the Bond with foreign institutional investors;

The capital increase that the Board of Directors submits to the Shareholders' Meeting for approval is therefore part of the context of the issue of the Bond, and the Company's interest in the exclusion of pre-emptive rights is justified by it.

The rules governing the Bond, contained in the contractual documentation relating to the Bond and, in particular, in the Trust Deed (including the so-called Terms and Conditions) (the "**Regulation**"), provide that, following the approval of the capital increase, Falck Renewables shall issue a notice (the Physical Settlement Notice, see paragraph 3 for further information), after which all possible conversions of the Bonds will be settled in ordinary shares of the Company (the "**Conversion Shares**"). If, on the other hand, the Capital Increase is not approved by 31 March 2021 (the "**Long-Stop Date**"), the Bonds cannot be converted into Conversion Shares and the Company will have the right to proceed with the early redemption of the Bond within the terms described below (see the section relating to the "Early Redemption").

More specifically, in accordance with the resolution of the Board of Directors and the terms of the Regulation, as well as following the executive decision taken by the Chief Executive Officer on 16 September 2020 in relation to the issue, the Bond has the following features:

- <u>nature of the Bond</u>: equity-linked bond, with the possibility for the investor to convert into newly issued ordinary shares of the Company, subject to authorization of convertibility by the Shareholders' Meeting and the subsequent approval of the Capital Increase to service the conversion with the exclusion of the shareholders' pre-emptive right, as specified below (see the section on the "Conversion Right");

- <u>total nominal value of the Bond</u>: Euro 200,000,000 (two hundred) million;

- <u>minimum unit cut of the Bond</u>: Euro 100,000.00 (one hundred thousand point zero zero);

- <u>duration</u>: 5 (five) years, maturing on September 23, 2025;

- <u>denomination</u>: Euro;

- <u>investors</u>: Institutional Investors ;

- <u>issue price</u>: 101.25 per cent of the nominal value of the Bond;

- <u>interest rate</u>: zero;

- <u>date of enjoyment</u>: from the date of issue;

- <u>redemption</u>: at maturity, the principal must be repaid in a lump sum for an amount equal to 100% of the nominal value, except in cases of early repayment;

- early repayment: the Company may early repay the Bond, in full at its nominal value,

    (i) at a value indexed to the market price of the underlying shares, if the Capital Increase to service the conversion is not approved by the Long-Stop Date (i.e. by 31 March 2021). See also section "conversion right" below;

    (ii) at the nominal value in the event that conversion or early repayment rights have been exercised in a percentage equal to or greater than 85% (eighty-five percent) of the nominal amount of the Bond (so-called clean up call);

    (iii) at the nominal value if, as from 8 October 2023, the listing of the Company's ordinary shares is, for a number of days identified in the Regulation, higher than 130% (one hundred and thirty percent) of the Conversion Price (so-called issuer's soft call); or

    (iv) if the Company has to take responsibility, in relation to the payments due, for taxes pertaining to bondholders as a result of changes in tax regulations (so-called tax calls);

- change of control and free float event: on the occurrence of a change of control of the Company (so-called change of control, as defined in the Regulation) or if the free float of the Company's ordinary shares (calculated according to the procedures set out in the Regulation) falls below 20% and remains there for at least 30 trading days from the first day on which it fell below this threshold (so-called free float event), each holder of the Bonds will alternatively have the right to request (i) early redemption at par value or (ii) recognition of a new conversion price, lower than the original and based on the time between the event and the maturity of the Bond (if applicable, according to the mechanism of the so-called cash alternative amount); all in accordance with the terms and procedures identified in the Regulation.

  Pursuant to the Regulation, a change of control will be deemed to have occurred if one or more parties in coordination acquire control of the Company or the possibility of exercising a dominant influence over the Company's shareholders' meeting and the right to appoint or remove all or a majority of the Company's directors, pursuant to Article 93 of the TUF.

- conversion right: subject to the adoption of the resolution of the Shareholders' Meeting authorizing the conversion of the Bonds and approving the Capital Increase to service the conversion, the Company will be required to notify the bondholders of the above mentioned Physical Settlement Date, i.e. the date from which they will be granted the right to convert the Bonds into newly issued ordinary shares of the Company .

In the absence of approval of the Capital Increase by the Shareholders' Meeting by March 31, 2021:

(I) each bondholder may request early cash redemption of its Bonds, at a value indexed to the market price of the underlying shares (as equal to the market value, determined in accordance with the Regulations, of the number of Falck Renewables' ordinary shares to which the holder of the Bonds would have been entitled if he had exercised the right to convert the Bonds into ordinary shares), and

(II) the Company may, within a limited period of time following the Long-Stop Date, make full early repayment of the Bond by paying a premium (i.e. a cash payment of an amount equal to the higher among (a) 102% (one hundred and two percent) of the nominal amount of the Bond, and (b) 102% (one hundred and two percent) of the fair market value of the Bonds, calculated by an independent entity on the basis of the average value of the Bond prices in the five open market days following the notice of early repayment;

- initial conversion price: Euro 7.22 (seven point twenty-two) per share, subject to adjustments as per the Regulation, in line with market practice for this type of financial instruments.

- Adjustments to the conversion price: the Bond Regulation provides that the initial conversion price is subject to adjustments in accordance with current market practice for this type of debt instrument upon the occurrence of, inter alia, the following events: grouping or splitting of shares, free capital increase through allocation of profits or reserves to capital, distribution of dividends, issue of shares or financial instruments reserved for shareholders, assignment of options, warrants or other rights to subscribe/purchase shares or financial instruments to shareholders, issue of shares or assignment of options, warrants or other subscription rights, issue of convertible financial instruments or exchangeable into shares, modification of conversion/exchange rights associated with other financial instruments, change of control as well as other relevant events identified by the Bond Regulation.

  In particular, if the Company distributes dividends during the life of the Bond in excess of the amounts of Euro 0.067 per share in 2021 and Euro 0.069 per share in 2022, 2023, 2024 and 2025, the conversion price will be adjusted in order to compensate the holders of the Bonds for the distributed dividends (so-called “dividend protection” clause);

- listing: Vienna MTF managed by the Vienna Stock Exchange;

- applicable law: the Bond Regulations are governed by English law, without prejudice to the rules of the Bondholders' Meeting which will be governed by Italian law.

3. Purpose of the Capital Increase to service the conversion of the Bond

As already seen in paragraph 2 above, the Regulation provide that, if the Shareholders' Meeting does not approve the Capital Increase to service the conversion of the Bonds by the Long-Stop Date, the Company may proceed with the full early repayment of the Bond with payment in cash of an amount equal to the higher of (i) 102% of the capital sum of the Bond and (ii) 102% of the fair market value of the Bond .

If the Shareholders' Meeting resolves to authorize the convertibility of the Bond and consequently to increase the capital to service the conversion of the Bond, the Company will be required to send a specific notice to the holders of the Bonds (the "Physical Settlement Notice"), as a result of which they will be attributed, from the date specified therein (the "Physical Settlement Date") – and in any case not earlier than 10 and not later than 20 trading days from the date of the Physical Settlement Notice – the right to convert into ordinary shares of the Company from the Physical Settlement Date until the seventh day prior to the maturity date of the Bond in accordance with the terms and limitations set forth in the Regulation.

The possible conversion of the Bond into newly issued shares will enable the Company to strengthen its equity structure and diversify its financial structure, while at the same time limiting the related cash outlay relating to the capital at maturity, as well as to expand the shareholding base, with the entry into the capital of Institutional Investors.

For the reasons set out above, the Board of Directors considers it important that the Bonds can be converted into shares of the Company. As highlighted above, the reasons for the exclusion of pre-emptive rights, pursuant to Article 2441, paragraph 5, of the Italian Civil Code in relation to the proposed Capital Increase reflect the same reasons that led to the issue of the Bond.

The Board of Directors therefore believes that the exclusion of pre-emptive rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code is fully justified in light of the features, timing and purpose of the Bond issue.

4. The reasons for exclusion of the pre-emptive right

The issue of the Bond, the Capital Increase and the approval of the convertibility of the Bond into ordinary shares constitute a unitary transaction aimed at providing the Company with a suitable funding instrument to find resources from the capital market in a short time and at terms (cost and duration) deemed convenient for the Company. To this end, in order to complete the transaction, it is necessary to approve a capital increase to service the Bond, with the exclusion of pre-emptive rights. The Board of Directors believes that the exclusion of pre-emptive rights is required by the Company's interest pursuant to Article 2441, paragraphs 5 and 6, of the Italian Civil Code and this for the reasons set out below:

(a) the choice of reserving the bond subscription to Institutional Investors only, thus excluding shareholders' pre-emptive rights on the subsequent Capital Increase, is linked to the high degree of complexity and to the features of the so-called equity-linked financial instruments , which make them completely unsuitable for a retail public (and therefore for an indistinct offer to all shareholders of the Company). The use of the equity-linked instrument (and the particular structure and characteristics of the Bond, offered, among other things, in unit cut of Euro 100,000.00), aimed exclusively at Institutional Investors, is an effective means of obtaining non-bank financial resources at particularly convenient conditions, which is well suited to the Company's current needs and allows an improvement in the financial situation and related costs, not otherwise obtainable (and in particular not obtainable with traditional convertible bonds offered as pre-emptive rights to shareholders);

(b) the issue and placement of equity-linked instruments presupposes an offer on the market with very short terms and timescales that would require the exclusion of pre-emptive rights and the exclusion of the procedure for the public offer of the Bonds, which would require more onerous corporate fulfilments, longer execution times, higher costs and higher execution risks;

(c) the approval of the Capital Increase and the consequent possibility of converting the Bond – if the bondholders decide to exercise the conversion in the cases provided for in the Regulation – invalidates the provisions of cash settlement by the bondholders, except for the cases of early redemption indicated in paragraph 2 above, potentially stabilizing the acquisition of the resources obtained through the Bond;

(d) the possible conversion of the Bonds into Falck Renewables shares, or in any case the issue of the shares under the Bond, will finally allow the Company (i) to strengthen its equity structure and diversify its financial structure, while limiting the related cash outlay relating to the capital at maturity and (ii) to expand its shareholding base.

5. Terms and conditions of conversion of the Bond into capital

The conversion price, which corresponds to the issue price of the new shares resulting from the Capital Increase is Euro 7.22, subject to any adjustments to the conversion price as described below.

The unit issue price per share will be charged at Euro 1.00 (or the lower amount of the conversion price) to capital and any remaining share premium.

The number of shares to be issued or transferred to service the conversion will be determined by dividing the nominal amount of the Bond by the conversion price in force on the relevant conversion date, rounded down to the nearest whole number of ordinary shares. No fractions of shares will be issued or delivered and no cash payments or adjustments will be made in place of such fractions.

On the basis of these parameters, the initial conversion ratio of the Bond of Euro 7.22 will correspond to the issue of a maximum of 27,700,831 ordinary shares.

As indicated in paragraph 2 above dedicated to the features of the Bond, the Bond Regulation provides that the initial conversion price will be subject to adjustments, in line with the market practices in force for this type of financial instruments, upon the occurrence, among other things, of certain events, reported herein by way of example and not exhaustively.

The Bond offer protection against future dividends paid by the Company in the cases specified in paragraph 2 above.

In the event of a change of control and free float event, as defined and regulated by the Regulation, investors may be granted a specific conversion ratio, for a limited period of time (60 days), adjusted downwards from the initial conversion price, on the basis of a mathematical formula that takes into account the time when the relevant event occurs and the overall duration of the Bond, in order to enhance the value (not enjoyed) of the pre-emptive right underlying the Bonds, according to the terms and procedures identified in detail in the Regulation.

COMPOSITION OF SHORT AND MEDIUM/LONG-TERM FINANCIAL DEBT

The table below shows the net financial position of the Falck Renewables Group at 30 June 2020, 31 December 2019 and 2018.

	Consolidated data			
	(thousands of euro)	**30.6.2020**	**31.12.2019**	**31.12.2018**
	Short term financial debts to third parties	(97.549)	(89.722)	(78.226)
	Short term financial debts for operating leases	(5.285)	(4.971)	
	Short term receivables from third parties	9.103	7.681	2.615
	Short term receivables from subsidiaries and *Joint Venture*	58		
	Cash and cash equivalents	173.457	131.232	218.188
A	**Short term net financial position**	**79.784**	**44.220**	**142.577**
	Medium/long term financial debts to third parties	(703.304)	(697.847)	(700.693)
	Medium/long term financial debts for operating leases	(76.596)	(75.761)	
B	**Medium/long term financial position**	**(779.900)**	**(773.608)**	**(700.693)**
C=A+B	**Net financial position as per Consob Communication N. DEM/6064293/2006**	**(700.116)**	**(729.388)**	**(558.116)**
D	Medium/long term receivables from third parties	7.636	8.622	11.103
C+D	**Global net financial position**	**(692.480)**	**(720.766)**	**(547.013)**
	- of which derivative fair value	(38.887)	(32.587)	(37.973)
	- of which financial debts for operating leases	(81.881)	(80.732)	
	Net financial position without derivative fair value	**(653.593)**	**(688.179)**	**(509.040)**
	Net financial position without operating leasing	**(610.599)**	**(640.034)**	**(547.013)**
	Net financial position without operating leases and derivatives	**(571.712)**	**(607.447)**	**(509.040)**

The table below shows the net financial position of Falck Renewables S.p.A. at 31 December 2019 and 2018.

	Falck Renewables Spa data		
	(thousands of euro)	**31.12.2019**	**31.12.2018**
	Short term financial debts to third parties	(9.743)	(1.169)
	Short term financial debts to subsidiaries	(193.681)	(172.748)
	Short term financial debts to for operating leases	(984)	
	Short term receivables from third parties	811	1.688
	Short term receivables from subsidiaries	54.114	27.190
	Short term receivables from associated companies and *Joint Venture*		
	Cash and cash equivalents	3.043	92.693
A	**Short term net financial position**	**(146.440)**	**(52.346)**
	Medium/long term financial debts to third parties	(51.662)	(18.842)
	Medium/long term financial debts for operating leases	(932)	
B	**Medium/long term financial position**	**(52.594)**	**(18.842)**
	Net financial position as per Consob Communication		
C=A+B	**N. DEM/6064293/2006**	**(199.034)**	**(71.188)**
D	Medium/long term receivables from third parties	88	136
	Medium/long term receivables from subsidiaries	34.383	51.700
C+D	**Global net financial position**	**(164.563)**	**(19.352)**
	- of which derivative fair value	(1.451)	326
	- of which financial debts for operating leases	(1.916)	
	Net financial position without derivative fair value	**(163.112)**	**(19.678)**
	Net financial position without operating leases	**(162.647)**	**(19.352)**
	Net financial position without operating leases and derivatives	**(161.196)**	**(19.678)**

POSSIBLE EXISTENCE OF GUARANTEE AND/OR PLACEMENT CONSORTIA, RELATIVE COMPOSITION, CONDITIONS AND TERMS OF SUCH INVOLVEMENT

No guarantee and/or placement consortium is provided for in relation to the Capital Increase, as it is intended exclusively to service the possible conversion of the Bonds.

It should be noted, however, that the placement of the Bond was handled by Barclays PLC and J.P. Morgan as Joint Global Coordinators and Joint Bookrunners, and by IMI - Intesa Sanpaolo and Crédit Agricole CIB as Joint Bookrunners (together, the “**Joint Bookrunners**”). Banca Popolare di Sondrio S .C.p.A., MPS Capital Services and UBI Banca – Gruppo Intesa Sanpaolo acted as Co-Managers alongside the Joint Bookrunners in the placement of the Bond. Crédit Agricole CIB acted as Green Financial Advisor.

OTHER FORMS OF PLACEMENT ENVISAGED

There are no other forms of placement.

CRITERIA ON THE BASIS OF WHICH THE ISSUE PRICE OF THE NEW ORDINARY SHARES WAS DETERMINED

The Board of Directors of the Company, in consideration of the features of both the Bond and the Capital Increase, has resolved to propose to the Shareholders' Meeting that the issue price of the shares resulting from the Capital Increase be equal to the conversion price of the Bond, without prejudice to compliance with the criteria set forth in Article 2441, paragraph 6, of the Italian Civil Code, according to which the issue price must not be lower than that determined on the basis of the value of the Company's shareholders' equity, also taking into account the trend in the prices of the Company's ordinary shares on the MTA over the last six months.

The initial conversion price of the Bonds – given the nature of the Bond, which is intended to become convertible into ordinary shares subject to the approval of the Shareholders' Meeting – was determined, in accordance with market practice for such financial instruments, at the outcome of the placement of the Bond on the basis of the market value of the Company's ordinary shares, and on the quantity and quality of the demand expressed in the placement of the Bond. In particular, for the purposes of determining the market value of the ordinary shares, reference was made to the price of the placement of the Company's ordinary shares made by the Joint Bookrunners at the same time as the placement of the Bonds, on behalf of the subscribers of the bonds for hedging purposes with regard to the market risk deriving from the investment in the Bond. This price, equal to Euro 5.35, was determined through an accelerated bookbuilding process. A conversion premium of 35.00% was then applied to this market value on the basis of the indications received from the banks appointed for the transaction and market conditions, resulting in a conversion price of 7.22 Euro. The application of this premium was also possible due to a positive market situation with regard to Falck Renewables despite the strong volatility of the national and international scenario, also due to the Covid-19 pandemic.

In compliance with the provisions of art. 2441, paragraph 6, of the Italian Civil Code, for the purposes of setting the issue price of the new ordinary shares to service the possible conversion of the Bonds, the Board of Directors has considered the value of the Company's net equity per share as at 31 December 2019, equal to Euro 1.77 (one point seventy-seven), the value of consolidated net equity per share at 31 December 2019, equal to Euro 1.89 (one point eighty-nine), as well as the arithmetic average price of the Company's ordinary shares, recorded on the basis of the official prices recorded on the Italian Stock Exchange in the six months prior to 14 September 2020, equal to Euro 5.09 (five point zero nine).

Please note that, pursuant to the Bond Regulation, the initial conversion price may be subject to adjustments at the date of conversion in accordance with the market practice in force for this type of instrument, upon the occurrence of the events indicated, by way of example, in paragraph 2 above, to which reference should be made.

In view of the analyses carried out, the Board of Directors believes that the criteria adopted to determine the initial conversion price of the Bonds and therefore the issue price of the Conversion Shares (and the related conversion ratio) are consistent with the criteria established by Article 2441, paragraph 6, of the Italian Civil Code and, therefore, appropriate to identify a price such as to preserve the financial interests of the Company's shareholders, in view of the exclusion of pre-emptive rights.

With reference to change of control and free float event hypotheses, as defined and regulated in the Regulation, the adjustment of the conversion price is justified by the specific nature of the events described therein. In particular, on the occurrence of each of these events, it is envisaged that investors may be granted a specific conversion ratio, for a limited period of time (60 days), adjusted downwards from the initial conversion price, on the basis of a mathematical formula that takes into account the time when the relevant event occurs and the overall duration of the Bond, in order to enhance the value (not enjoyed) of the pre-emptive right underlying the Bonds, according to the terms and conditions identified in detail in the Regulation.

PERIOD FORESEEN FOR THE EXECUTION OF THE TRANSACTION

The execution of the Capital Increase will take place as a result of any requests for conversion of the Bonds during the term of the Bond.

In the event that the Capital Increase is not fully subscribed on the final date of conversion, the Company's share capital will be increased by the amount resulting from the subscriptions already received within that period and to be made as from those subscriptions.

DATE OF DIVIDEND ENTITLEMENT OF NEWLY ISSUED ORDINARY SHARES

The ordinary shares to be offered in conversion of the Bonds will have regular dividend entitlement and will therefore grant their holders equal rights to the ordinary shares already outstanding at the time of their issue.

PRO-FORMA ECONOMIC AND FINANCIAL EFFECTS SUITABLE TO REPRESENT THE CONSEQUENCES OF THE TRANSACTION ON ECONOMIC PERFORMANCE AND BALANCE SHEET – EFFECTS ON THE UNIT VALUE OF THE SHARES

The Group's consolidated net financial position at 30 June 2020 was negative for Euro 692.5 million while the Company's net financial position at 31 December 2019, pursuant to the last approved financial statements, was negative for Euro 164.6 million.

1. As of the issue date, the estimated impact of the Bond on both the consolidated and stand-alone net financial position of Falck Renewables S.p.A. would have changed only its structure, without however having an effect on the overall value: in particular against a positive impact on cash and cash equivalents totalling Euro 202.5 million (since the Bond was issued at 101.25% with an issue premium of Euro 2.5 million), gross of issue costs, there would have been a negative impact of the same amount given by the sum of the two debt line items ("bond debt" and "debt for the conversion option").

2. In the event of approval by the extraordinary shareholders' meeting of the proposal to convert the Bond into shares, the debt for the conversion option, on such date, will be recorded as an equity component in shareholders' equity (both on a consolidated and stand-alone level) thus leading to an improvement in the net financial position of the same amount. Such improvement will, however, be amortised for accounting purposes over the useful life of the Bond.

3. On the maturity date (23 September 2025), assuming the conversion of 100% of the Bond into ordinary shares of the Company, there will be an improvement in the net financial position of €200 million and a corresponding increase in net equity (for the consolidated financial statements, an increase in the portion of "equity attributable to the Shareholders of the Parent Company"), net of the difference between the issue premium and the issue costs.

The above is provided for illustrative purposes only since it is based on values which, on the date of the repayment of the Bond, may vary even significantly. Therefore this illustrative example should not be considered as representative of what will be the real impact of the transaction on the financial-equity structure of the Company and the consolidated group.

On the basis of the number of outstanding shares making up the Company's share capital as at 23 September 2020, assuming the full conversion of the Bond into ordinary shares of the Company at the relevant maturity date on the basis of the maximum number of shares (no. 27,700,831 ordinary shares), compared to a hypothetical initial share equal to 1% of the ordinary share capital, the shareholder will hold – following the conversion – a share equal to 0.9132% of the total ordinary share capital, as indicated in the table below:

	Share capital to 23/09/2020	Potential number of shares to be issued to service the convertible	Share capital on 23/09/2020 + maximum capital increase to service the convertible
Outstanding ordinary shares	291,413,891	27,700,831	319,114,722
TOTAL SHARES			
Number of ordinary shares corresponding to 1% of the outstanding ordinary capital on 23/09/2020 *Incidence on total ordinary shares*	2,914,139 1,00%		2.914,139 0,9132%

BYLAWS AMENDMENTS

As a consequence of the Capital Increase covered by this report, we also propose to introduce a new and additional paragraph at the end of Article 6 of the Bylaws, with the following text:

"The Extraordinary Shareholders' Meeting of 17 November 2020 resolved to increase the share capital for cash, in one or more issues, with the exclusion of pre-emptive rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total value, including any possible share premium, of Euro 200,000,000 (two hundred million), to service the conversion of the "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025", to be fully paid-up in one or more tranches by issuing ordinary shares of the Company, with regular rights, for a maximum amount of Euro 200,000,000 (two hundred million), to exclusively service the bond issued by the Company called "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025", in accordance with the criteria determined by the relevant Terms and Conditions of the bond, it being understood that the last date for subscribing the newly issued shares is 23 September 2025 and that, in the event that the capital increase has not been fully subscribed by that date, it shall however be deemed to have been increased by an amount equal to the subscriptions already received and to be made as from those subscriptions, with express authorization to the directors to

issue the new shares as they are subscribed. No fractions of shares will be issued or delivered and no cash payment nor adjustment will be made in place of such fractions".

Assessment of the Board of Directors on the recurrence of the right of withdrawal

The proposed amendments to the Bylaws does not trigger the right of withdrawal for shareholders, that will not have approved the resolutions that are the subject of this report, pursuant to Article 2437 of the Italian Civil Code.

PROPOSAL FOR RESOLUTION

Dear Shareholders,

In light of the above, the Board of Directors invites you to resolve on the following proposal:

"*The Extraordinary Shareholders' Meeting of Falck Renewables S.p.A.*

- *examined the illustrative report of the Board of Directors and the proposal made therein;*
- *having acknowledged the main terms and conditions of the Bond, as illustrated in the directors' report;*
- *having acknowledged the fairness opinion pursuant to Article 2441 of the Italian Civil Code and Article 158 of the TUF;*
- *having regard to the certification of the Board of Statutory Auditors that the current share capital is fully paid up;*

RESOLVES

1. *to provide for and authorise, in accordance with the provisions of the Regulation, the convertibility of the equity-linked bond with a nominal amount of Euro 200,000,000, maturing on 23 September 2025, called "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025", and thus to approve the proposed increase in share capital in cash, in one or more issues, and excluding pre-emptive rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a maximum total amount, including share premium, of Euro 200,000,000 (two hundred million) to service the conversion of "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds two 2025" mentioned below, possibly to be settled in shares in accordance with the Regulation, to be paid in one or more tranches by issuing a maximum of 27,700,831 ordinary shares of the Company, for a maximum amount of Euro 200,000,000 (two hundred million) (it being*

understood that the initial conversion price – and therefore the maximum number of shares to be issued – may be subject to adjustments in accordance with the Bond Regulation), with regular rights at the exclusive service of the bond issued by the Company called "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds two 2025", according to the criteria determined by the relevant Regulation. No fractions of shares will be issued or delivered and no cash payments or adjustments will be made in place of such fractions;

2. *to approve the sending by the Chief Executive Officer, with the right to sub-delegate, of a communication (so-called "physical settlement notice") to the holders of the Bonds, as a result of which it will be possible to convert the Bond into newly issued ordinary shares of the Company;*

3. *to establish that the issue price of the conversion shares deriving from the capital increase is determined on the basis of the provisions contained in the Bond Regulation point 1 above and is therefore equal to Euro 7.22, subject to adjustments, and except in cases where the relevant conversion price will be calculated according to the different methods indicated in the Bond Regulation referred to in point 1 above; and is charged at Euro 1.00 (or the lower amount of the conversion price) to capital and any remaining share premium;*

4. *to give a mandate to the administrative body, and to its legal representatives on its behalf, to implement the above mentioned capital increase by determining, among other things, from time to time, in compliance with the provisions of the Regulation (i) the precise issue price of the shares, as well as, as a consequence of the determination of the issue price, (ii) the precise number of shares to be issued, and thus the precise conversion ratio, as necessary for the timely application of the provisions and criteria set forth in the Regulation; all on the understanding that, should this capital increase not be fully subscribed by the deadline of 23 September 2025 , the share capital shall be deemed increased by an amount equal to the subscriptions received;*

5. *add the following paragraph 2 to Article 6 of the Bylaws:*

   "The Extraordinary Shareholders' Meeting of 17 November 2020 resolved to increase the share capital for cash, in one or more issues, with the exclusion of pre-emptive rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total value, including any possible share premium, of Euro 200,000,000 (two hundred million), to service the conversion of the "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025", to be fully paid-up in one or more tranches by issuing ordinary shares of the Company, with regular rights, for a maximum amount of Euro 200,000,000 (two hundred million), to exclusively service the bond issued by the Company called "Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025", in

accordance with the criteria determined by the relevant Terms and Conditions of the bond, it being understood that the last date for subscribing the newly issued shares is 23 September 2025 and that, in the event that the capital increase has not been fully subscribed by that date, it shall however be deemed to have been increased by an amount equal to the subscriptions already received and to be made as from those subscriptions, with express authorization to the directors to issue the new shares as they are subscribed. No fractions of shares will be issued or delivered and no cash payment nor adjustment will be made in place of such fractions";

6. *to grant the Board of Directors – and to the pro tempore legal representatives on its behalf, also severally – all powers to implement the capital increase and to consequently amend from time to time art. 6 of the Bylaws, to this end providing for all the formalities and publicity required by the law, in order to fulfil all the formalities necessary for the adopted resolution to be recorded in the Companies' Register, accepting and introducing in the same the non-substantial amendments, additions or deletions that may be required by the competent authorities, as well as all the powers to fulfil the legislative and regulatory obligations resulting from the adopted resolution."*

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Milan, September 24, 2020

For the Board of Directors

The Chairman - Enrico Falck