

Alternus Clean Energy, Inc.

Going Vertical with Alternus: A Clean Energy IPP
Focused on Transatlantic Smaller Utility-Scale
Projects

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KEY POINTS

- **Alternus Clean Energy, Inc. (Alternus) is a transatlantic clean energy independent power producer (IPP) that develops, installs, owns, and operates small utility-scale and community solar parks (5 MW to 200 MW) in the US and Europe.** The company aims to reach 1.5 GW of operational projects through organic development and strategic acquisitions within the next three years. Those interested can access our fireside chat with Alternus from January 12, 2024, [on demand](#).
- **Alternus differentiates itself by focusing on small utility-scale and community solar projects with a fully vertically integrated execution strategy ranging from project development through to long-term asset management.** This model creates capex efficiencies throughout the solar development cycle, retains more control over project economics, and creates valuable clarity through a controlled pipeline of projects.
- **Senior management brings significant operational and investment experience for a company of this size.**
- **The business model is designed to deliver visible, long-term, recurring cash flow through organic development and strategic acquisitions,** with approximately 70% of its revenue under long-term contracts with rated corporate counterparties.
- **Alternus has been operating since 2017, building the foundation of a business that is set for sustainable growth across Europe and the US.** As of January 2024, after divesting non-core assets as part of its NASDAQ listing, the company has 44 MW of operational assets, more than 200 MW set to begin construction in 2024, and more than 300 MW in various stages of development. It expects to maintain average gross margins above 80%.
- **The total available market (TAM) for Alternus is substantial and growing in the EU and the US, with industry-wide installed capacity expected to grow from 2019-2026 at a CAGR of 13% in the EU and 28% in the US.** Importantly, small utility-scale is the fastest-growing section within the solar sector versus residential, C&I, and community.

KEY STATISTICS

Ticker:Exchange	ALCE:NASDAQ
Current Price	\$0.58
52-Week Range	\$0.29-\$11.36
Average Volume (30-Day)	1,117,315
Shares Outstanding (MM)	79.7
Market Cap (\$MM)	\$46.5
Fiscal Year-End	December

INCOME STATEMENT

(US\$MM)	FY22 Audited	9M22 Unaudited	9M23 Unaudited
Revenue	32.5	30.5	27.8
Cost of Goods Sold	-9.2	-9.6	-6.5
Gross Profit	23.3	20.9	21.3
General and Administrative	-11.1	-6.4	-10.1
Adjusted EBITDA²	12.2	14.5	11.2
Depreciation & Amortization	-7.2	-6.7	-5.6
Operating Profit/(Loss)	5	7.8	5.6
Discontinued Projects ¹	-23.9	-0.3	-1.2
Other	0.1	0.8	-11.8
Net Financing Cost	-17.4	-13.1	-19.3
Profit Before Tax	-36.2	-4.8	-26.7
Tax	0	0	0
Profit/(Loss) for the Period²	-36.2		-26.7
Ratios			
Gross Margin	72%	69%	74%
EBITDA Margin	38%	48%	40%

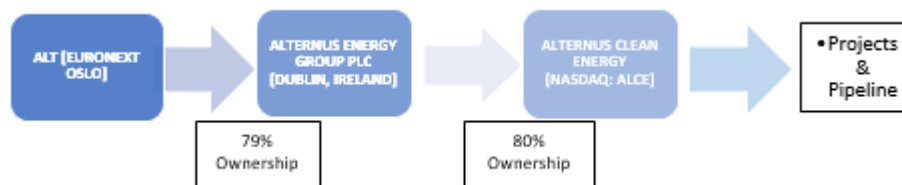
(1) FY22 includes the costs of \$23.9 million incurred due to abandoning the acquisition or development of renewable energy projects in the period. (2) Refer to company filings for details on the non-GAAP

Source: Alternus Clean Energy

COMPANY OVERVIEW

Alternus Clean Energy, Inc. (Alternus, or the company) is a transatlantic clean energy IPP that develops, installs, owns, and operates small utility-scale solar parks (5 MW to 200 MW) in the US and Europe. Alternus Clean Energy (ALCE) is the operational IPP that owns substantially all of the assets now and going forward. AEG is the Irish HoldCo that owns 80% of ALCE and ~79% of AEG trades on Euronext in Oslo. The company aims to reach 1.5 GW of operational projects within the next three years through organic development and strategic acquisitions. The company generates revenue from the sale of solar power and is adding storage and microgrids to its portfolio. Approximately 70% of its revenue is under long-term contracts with highly credit-rated corporate customers, providing stable and predictable cash flow. As of January 2024, the company has 44 MW of operational assets, more than 200 MW scheduled to begin construction in 2024, and more than 300 MW in various stages of development. The company executes on a long-term ownership business model that controls the entire project life cycle, from site selection and permitting to construction and long-term ownership/operations. This allows the company to optimize return on equity and maintain control over costs and scheduling.

Figure 1: Organizational Structure of ALCE



Source: Water Tower Research

Business Model

Vertical integration is a key differentiator for Alternus. Unlike pure-play developers or energy companies that specialize in a specific phase of the project life cycle, Alternus takes a comprehensive approach by handling all aspects, from project development to asset management. This vertical integration allows the company to have greater control over each project's life cycle, ensuring efficient execution and optimal performance of its renewable energy projects. The develop-to-own business model employed by Alternus provides several advantages. It reduces capital expenditure by avoiding acquiring fully developed projects. By originating and developing projects in-house, Alternus can lock in return multiples on its development equity investments and retain greater control over project economics. This approach also allows the company to lock in a pipeline of projects, providing visibility and predictability of future growth. This predictable revenue stream provides a solid foundation for growth and the ability to attract further investment.

The Market

Europe and the US are key drivers of growth for Alternus, as the demand for renewable power sources continues to strengthen in these regions. The passage of the Inflation Reduction Act (IRA) in the US and the energy dislocation in Europe have created favorable conditions for the growth of renewable energy. European countries have been actively transitioning away from traditional fossil fuel-based power generation in an effort to increase energy security, reduce greenhouse gas emissions, and combat climate change. The renewable power sector represents a massive TAM as it gradually replaces fossil fuels. Under Solar Power Europe's EU market outlook Medium Scenario, from 2023 to 2026, new additions will bring around 275.2 GW to reach 484.1 GW of total installed. Wood Mackenzie forecasts that 139 GW of total utility-scale installations will be added between 2023 and 2027, and 429 GW will be added over the next decade in its base case projections from 2023 to 2033.

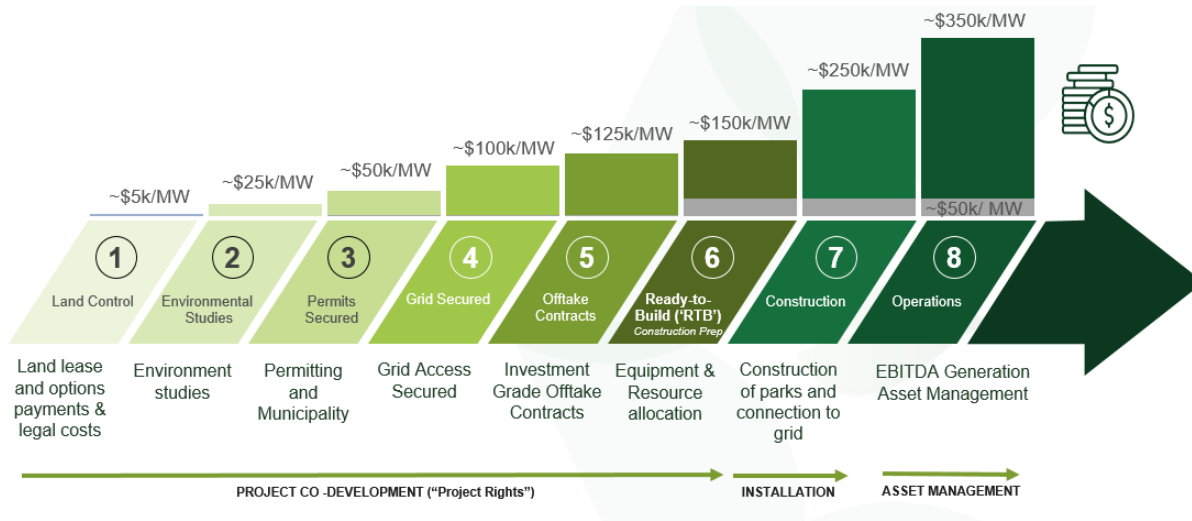
BUSINESS MODEL OVERVIEW

Vertically Integrated IPP

Business Model

Alternus’ vertical integration and project origination strategies are key differentiators that provide the company with a competitive advantage in the renewable energy industry. The company’s develop-to-own business model allows for control over the entire project life cycle, reducing capital expenditure and ensuring a steady pipeline of projects. By managing all aspects of development, installation, operations and maintenance (O&M), and asset management activities, Alternus is able to maintain full project value control and capture greater profits at each stage. This approach not only reduces capex but also increases the certainty of business growth through early project ownership.

Figure 2: Integrated Operating Model Delivers Lasting Shareholder Value



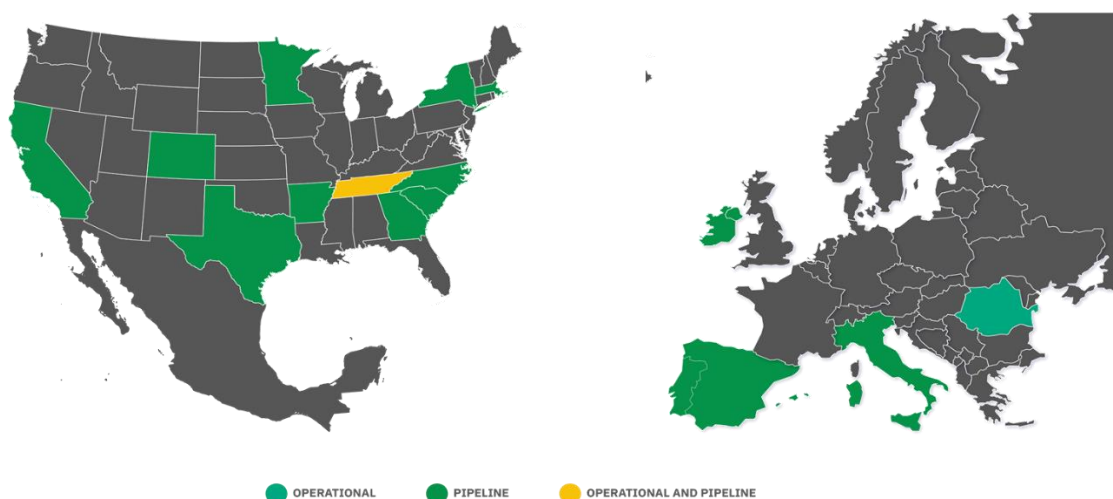
Source: Company Presentation January 2024

The first stage of the project life cycle is project origination. Alternus identifies and evaluates potential renewable energy projects, assessing them for probability of completion and financial returns. This involves conducting detailed site assessments, analyzing resource availability, and assessing regulatory and market conditions. By actively seeking out and originating projects, Alternus maintains a robust pipeline and ensures a steady flow of opportunities. Once a project is identified, Alternus takes on the role of project developer. This involves securing land rights, obtaining necessary permits and approvals, conducting environmental and social impact assessments, and engaging with local stakeholders. The company’s expertise in project development allows for efficient navigation through the complex regulatory and licensing processes, ensuring timely project execution. As a developer, Alternus also takes responsibility for securing project financing. The company leverages its industry relationships and financial expertise to secure both debt and equity financing for its projects. By managing the financing process, Alternus can optimize the capital structure of its projects, reducing the cost of capital and improving financial returns. After completing the development phase, Alternus oversees the installation of renewable energy systems. This includes procuring equipment, managing the construction process, and ensuring compliance with quality and safety standards. By managing the installation process, Alternus can ensure timely and cost-effective project execution, minimizing construction delays and cost overruns. Once the renewable energy system is operational, Alternus takes on the role of O&M provider. This involves regular maintenance, monitoring performance, and addressing any issues to maximize the energy production and lifespan of the assets. By providing in-house O&M services, Alternus can ensure optimal performance, reduce downtime, and enhance the long-term profitability of its projects. In addition to O&M, Alternus also focuses on asset management. This involves activities such as financial reporting, contract management, insurance, and compliance. By managing the entire asset life cycle, Alternus can optimize the operational and financial performance of its projects, ensuring maximum returns for investors.

Market Presence

The current operational portfolio consists of 44 MWp across Romania in Europe and Tennessee in the US. The total project pipeline of 1.5 GWp is split into organic development and strategic acquisition projects across the US and Europe. More than 500 MWp of organic development projects are currently in pre-construction and late-stage development.

Figure 3: Market Presence Across Europe and the US



Source: Company Presentation January 2024

The company has ~210 MW of near-term development assets, which are construction-ready, with target RTB status in 2024 and a commission date in 2025.

Figure 4: Owned Development Asset Status

Project	Region	MWps	1	2	3	4	5	Target RTB Date	Target COD date
Bisaccia	Italy	15	•	•	•	•		Q3-24	Q3-25
Caprarica	Italy	18	•	•	•	•	•	Q3-24	Q3-25
Cingoli	Italy	10	•	•	•			Q3-24	Q3-25
Melfi	Italy	20	•	•	•	•		Q4-24	Q3-25
Monteiasi	Italy	25	•	•	•	•	•	Q3-24	Q3-25
Motolla	Italy	23	•	•	•	•	•	Q3-24	Q3-25
Santa Vittoria	Italy	10	•	•	•	•	•	Q3-24	Q3-25
Torre Santa Susanna	Italy	15	•	•	•			Q4-24	Q3-25
Troia	Italy	29	•	•	•			Q4-24	Q3-25
Rocchetta	Italy	25	•	•	•			Q3-24	Q3-25
Venosa	Italy	20	•	•	•			Q3-24	Q3-25
Subtotal		210							

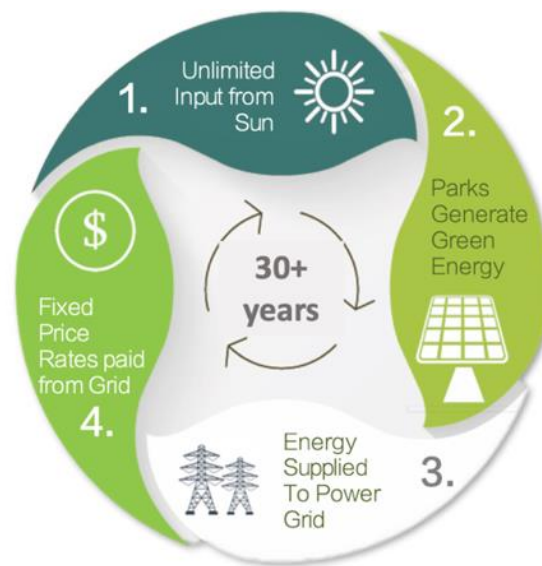
Source: Company Presentation January 2024

Positioned in the Fast-Growing, Smaller-Sized Utility-Scale Solar Space with Long-Term Recurring Revenue Contracts

One of the key segments of the solar market is utility-scale solar, which refers to large solar installations designed to feed power directly onto the electric grid. These huge solar installations are built by developers who sign long-term contracts called power purchase agreements (PPAs) with offtakers such as local utility companies or large commercial/industrial buyers. Utility-scale solar has many advantages over other forms of energy generation, such as lower greenhouse gas emissions, reduced dependence on fossil fuels, increased energy security, and lower costs. According to the US Energy Information Administration (EIA), the levelized cost of energy (LCOE) for utility-scale solar PV in 2020 was \$37.6 per megawatt-hour (MWh), compared with \$41.1 MWh for onshore wind, \$55.2 MWh for natural gas combined cycle, and \$155.9 MWh for coal. The LCOE represents the average cost of generating electricity over the lifetime of a power plant, taking into account capital, operating, fuel, and maintenance costs.

Alternus Energy targets projects in the 5-200 MW range, avoiding large-scale projects that can take multiple years to permit and build and also consume significant capital resources. One of the key advantages of operating in the smaller-sized utility-scale solar space is the presence of long-term recurring revenue contracts. The company focuses on the smaller-sized utility-scale solar space, which offers higher margins, lower risks, and faster returns than the larger-sized utility-scale solar space. Projects in the 5-200 MW range enable the company to secure contracts with utility companies or other offtakers for extended periods, ensuring a continuous flow of income over the project’s lifespan. Furthermore, by focusing on smaller-sized projects, Alternus avoids the need for significant capital resources. Large-scale solar projects often require substantial upfront investments to cover land acquisition, equipment procurement, construction, and other associated costs. By opting for smaller projects, Alternus can allocate its capital more efficiently, reducing the overall financial risk.

Figure 5: Straightforward Revenue Model



Source: Company Presentation January 2024

Another advantage of operating in the smaller-sized utility-scale solar space is the flexibility it offers. With smaller projects, Alternus can diversify its portfolio and spread its risk across multiple locations and contracts, mitigating the potential impact of factors like regional weather patterns, land availability, or changes in government policies on renewable energy. By having a broader project base, Alternus can adapt to market trends and capitalize on emerging opportunities in different regions. The company operates in some of the most attractive and supportive markets for utility-scale solar in the world, such as the EU and the US. The EU has set a target of achieving 32% of renewable energy share by 2030 and has allocated €30 billion for renewable energy projects under the Recovery and Resilience Facility. The US has re-joined the Paris Agreement and has pledged to reduce its greenhouse gas emissions by 50-52% by 2030 and has proposed a \$2 trillion infrastructure plan that includes \$100 billion for a clean energy grid and \$174 billion for electric vehicles.

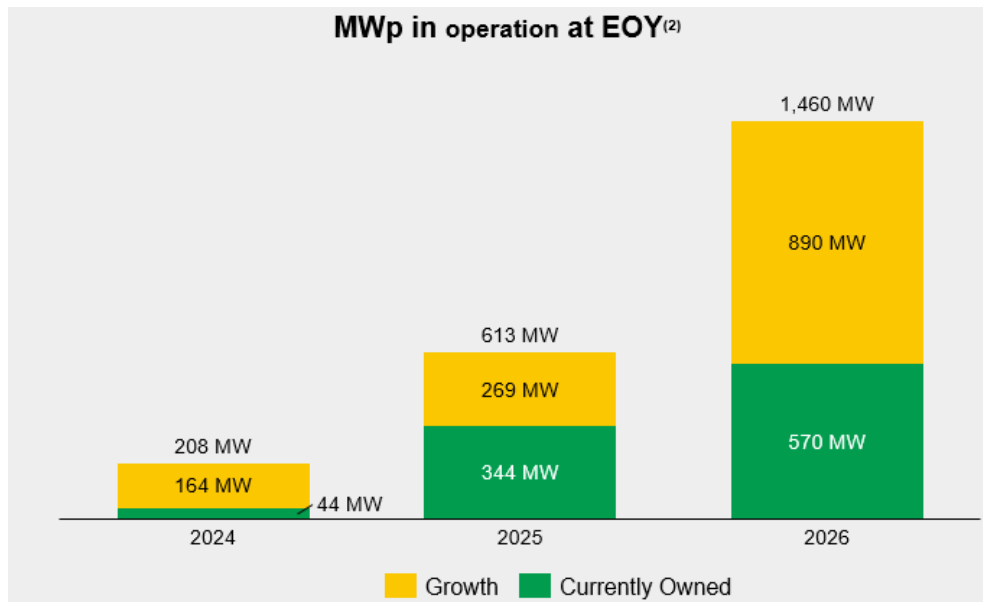
Once these solar parks start operating, they require zero input costs and are capable of producing stable and predictable energy throughout the year, driving consistent margins over the long term. The green energy generated from the sun is supplied to the power grid under investment-grade offtake contracts + merchant feed-in-tariff (FiT). These contracts ensure a fixed price for the energy supplied for a period of 15 years. Additionally, a significant portion, around 70%, of the energy produced is sold through long-term PPAs with corporate clients or utility companies. The remaining energy is sold in the energy markets at the prevailing rates. This combination allows for a reliable revenue stream, while also taking advantage of market dynamics for optimal returns. The company expects to have consistent 80%+ gross margins over the 30-year life of a project.

Organic and Inorganic Growth Strategy Provide Visibility through 2026

Alternus' strategy is centered around organic growth and targeted strategic opportunities in the US and Europe. The company has a total identified project pipeline of 1.5 GW, which includes both organic development and strategic acquisition projects across the US and Europe. Alternus aims to achieve this growth through the development of "Build to Own" projects and value-accretive acquisitions. The company has an impressive pipeline of organic development projects, with a capacity of more than 500 MWp in various pre-construction and late-stage development stages, demonstrating its commitment to expanding its renewable energy portfolio and meeting the growing demand for clean energy sources. These organic development projects are carefully selected based on strategic fit, financial viability, and growth potential. Alternus possesses expertise in project development and management, allowing it to identify suitable locations, conduct feasibility studies, and navigate the complex process of obtaining permits and approvals. By focusing on organic development, Alternus maintains control over the entire project life cycle, optimizing design, construction, and operation for maximum efficiency and output. Owning and operating these projects provides the company with long-term recurring revenue streams from PPAs or other contractual arrangements, ensuring revenue stability and predictability.

In addition to organic growth, Alternus places strong emphasis on targeted strategic opportunities through value-accretive acquisitions. The company actively seeks suitable acquisition targets that align with its growth objectives and complement its existing portfolio. Acquiring established solar projects or companies enables Alternus to rapidly expand its footprint, access new markets, and leverage synergies for operational efficiency gains. Acquiring operational assets offers advantages such as immediate revenue generation, reduced development risks, and faster time to market. Alternus has a robust merger and acquisition (M&A) strategy focused on expanding into new markets, particularly the US and Europe. The company targets operational assets in the small-scale range of 5 MW to 200 MW. Pursuing M&A opportunities allows Alternus to achieve accelerated market entry and capitalize on established assets that are already generating revenue. The company's focus on the US and Europe aligns with the significant renewable energy potential and supportive regulatory frameworks present in these markets. These regions offer a favorable investment climate and strong demand for clean energy, making them attractive expansion targets. The M&A strategy specifically targets operational assets, indicating Alternus' intent to acquire projects that have completed the development phase and are actively generating electricity.

Figure 6: Future Growth Plan Focused on Organic and Targeted Strategic Opportunities



Source: Company Presentation January 2024

In 2024, the company is targeting to operate an additional 164 MW capacity through organic and inorganic growth. The company currently has 210 MW of construction-ready assets with all development milestones of less than 12 months. These assets are expected to be commissioned in 2025, with RTB in late 2024. In addition, the company has identified 300 MW of construction-ready acquisitions and 528 MW of projects under development, with construction beginning in 2024. These organic assets and acquisitions should help drive 613 MW of operational capacity in 2025 and 1,460 MW of operational capacity in 2026.

ALCE’s Revenue Potential and High Margins

ALCE has established a robust financial model demonstrating the potential for significant recurring revenues from its European and US projects. The company anticipates that every 100 MWp of European projects added will generate approximately \$10 million of annual recurring revenues over an expected useful life of around 35 years. Similarly, each 100 MWp of US projects added is projected to deliver approximately \$8 million of annual recurring revenues over an expected useful life of approximately 40 years. The revenue projections for European and US projects differ due to factors such as higher energy prices, favorable regulatory incentives, and a strong commitment to renewable energy adoption in many European countries. Furthermore, Alternus expects to maintain gross margins above 80% on average across both jurisdictions.

The projected annual recurring revenues demonstrate the revenue-generating potential of Alternus’ solar projects. As the company expands its European portfolio, each additional 100 MWp contributes about \$10 million in annual recurring revenues. This projection considers the revenue generated from PPAs or other offtake contracts that Alternus secures with utility companies or other offtakers. These contracts typically span several years, ensuring a stable and predictable revenue stream throughout the expected useful life of the projects. Each 100 MWp of projects added in the US is expected to generate approximately \$8 million in annual recurring revenues. While the revenue projection is slightly lower compared with Europe, the US market still offers significant growth potential for Alternus. The US market benefits from vast land availability, favorable solar resources, and a supportive regulatory environment at both the federal and state levels, contributing to a favorable investment climate for solar projects.

The expected useful life of approximately 35 years for European projects and 40 years for US projects reflects the durability and longevity of solar installations. Solar panels have a long lifespan, and as long as the projects are well-maintained and operate efficiently, they can continue generating power for several decades. This extended useful life enhances the revenue potential, as the projects can continue to generate recurring revenues for an extended period.

The 80% gross margins are driven by the favorable economics of the solar energy industry. Solar power has become increasingly cost-competitive compared with conventional energy sources, thanks to technological advancements, economies of scale, and declining equipment costs. As a result, solar projects can generate attractive returns on investment, enabling Alternus to maintain high gross margins while offering competitive pricing to offtakers. To maintain high gross margins, Alternus focuses on several key factors. First, the company leverages its project development and management expertise to optimize the design and construction process, reducing costs without compromising quality or performance. Second, Alternus strategically selects project locations to maximize solar resource availability, ensuring optimal energy generation and revenue potential. Additionally, the company employs efficient maintenance and monitoring practices to ensure its solar installations' long-term performance and reliability, minimizing operational costs and maximizing revenue generation.

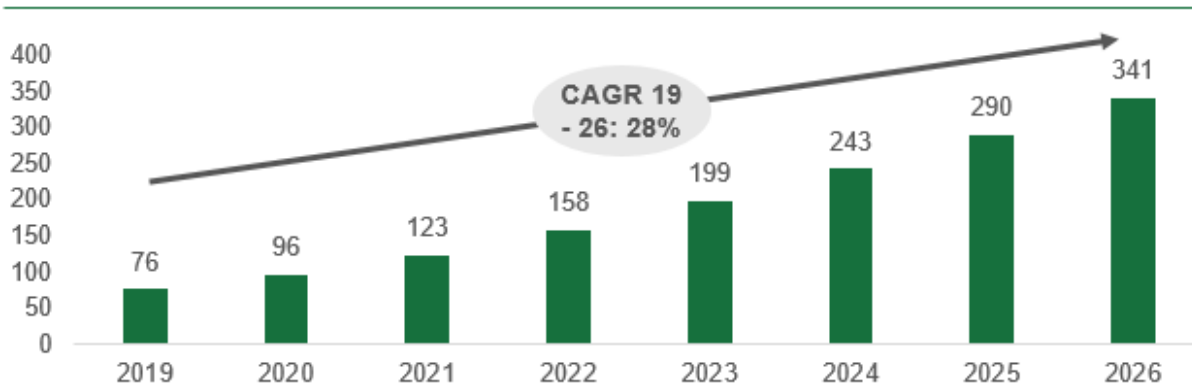
The revenue projections, high gross margins, and expected useful life of the projects underscore the financial strength and growth potential of ALCE. By adding every 100 MWp of European projects, the company anticipates substantial annual recurring revenues, providing a solid foundation for sustainable growth. Similarly, the US market presents significant revenue opportunities, albeit at a slightly lower rate. As Alternus continues to expand its portfolio, the company's financial projections should provide confidence. The high gross margins indicate effective cost management and operational efficiency, and should provide attractive returns. These financial metrics, along with Alternus' strategic focus on organic development and targeted acquisitions, position the company for continued growth in the renewable energy sector.

Powering Up the Future: IRA Ignites US Solar Revolution

The IRA is a recent legislation that has further bolstered the solar industry in the US. This act is expected to direct nearly \$400 billion of federal funding to clean energy projects, including solar, to substantially lower US carbon emissions by 2030. The IRA provides a strong financial incentive for solar developers and investors, creating a favorable investment climate and driving further growth in the industry. The passing of the IRA has substantially affected long-term solar forecasts in the US. Wood Mackenzie forecasts that 139 GW of total utility-scale installations will be added between 2023 and 2027, and 429 GW will be added over the next decade in its base case projections from 2023 to 2033. The US solar energy market has experienced significant growth in recent years, with installed solar capacity increasing at an unprecedented rate. In 2022 alone, the US installed a record-breaking 24.6 GW of solar capacity, marking a significant milestone in the country's transition to clean energy.

One of the key drivers of this rapid growth is the supportive policy environment at the federal, state, and local levels. Governments across the US have implemented various policies and incentives to promote solar energy adoption. These initiatives include tax credits, grants, rebates, and renewable portfolio standards that require a certain percentage of the energy mix to come from renewable sources. The financial support provided by the IRA has a significant positive impact on long-term solar forecasts. The availability of federal funding allows solar developers to access capital at attractive terms, enabling the development of large-scale solar projects that may have otherwise been economically challenging. This financial backing reduces the cost of capital and accelerates the deployment of solar installations, leading to increased capacity and higher long-term forecasts. Furthermore, the IRA's focus on reducing inflation is crucial for the solar industry. Inflation can affect the cost of construction materials, labor, and other project components. By implementing measures to mitigate inflation, such as stable pricing agreements, the IRA provides stability and predictability to solar projects, ensuring that they remain financially viable over their expected operational lifespan.

Figure 7: Expected Evolution of Solar PV Installed Capacity in the US (GWp)



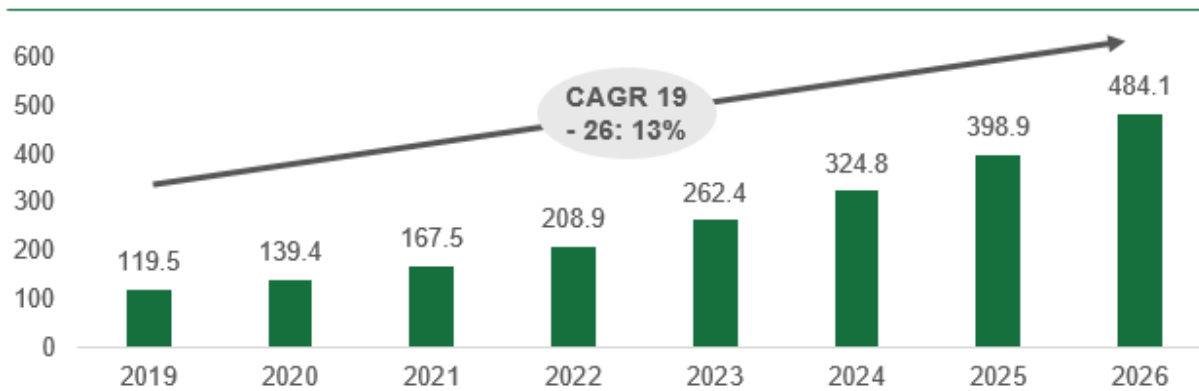
Source: Company Presentation January 2024

Figure 7 shows that solar PV installed capacity in the US is expected to reach 341 GWp by 2026 from 158 GWp in 2022, according to Solar Energy Industries Association. The combination of supportive policies, federal funding through the IRA, and commercial adoption has created a prosperous environment for the US solar industry. As a result, long-term solar forecasts have become increasingly optimistic. The growth trajectory of solar installations is expected to continue, with forecasts indicating a continued increase in installed solar capacity in the coming years. However, while the passing of the IRA and other supportive policies have had a positive impact on the solar industry, challenges remain. One of the key challenges is the need for a robust and modernized grid infrastructure. As solar capacity continues to grow, it is essential to ensure that the grid can accommodate the increased penetration of renewable energy sources. Investments in grid modernization and energy storage technologies are crucial to maintaining grid stability and maximizing the benefits of solar energy. Another challenge is the need for skilled labor and workforce development in the solar industry. As the demand for solar installations grows, there is a corresponding need for a skilled workforce to design, install, and maintain these systems. Investing in training programs and educational initiatives can help address this challenge and ensure a qualified workforce to support the industry's growth.

Powering a Greener Future: Europe Bets Big on Solar to Break Free from Fossil Fuels

The expansion of renewable power in Europe is experiencing a significant boost as countries prioritize the enhancement of energy security. The European Commission's REPowerEU pledge to end Europe's dependence on Russian fossil fuels also includes a new EU solar target of 750 GW by 2030. Under Solar Power Europe's EU market outlook Medium Scenario, new additions between 2023 and 2026 are projected to bring around 275.2 GW, reaching a total installed capacity of 484.1 GW by the end of 2026. This growth in renewable power, particularly solar energy, is driven by factors such as the decreasing LCOE of solar PV technology, supportive policies, and increasing environmental awareness among businesses and end users. The European solar energy market has experienced significant growth in recent years, with rapid expansion driven by various factors. One of the key drivers is the decreasing LCOE of solar PV technology. Technological advancements, economies of scale, and increased competition in the solar industry have contributed to reducing the cost of solar PV systems. As a result, solar energy has become increasingly cost-competitive with traditional energy sources, making it an attractive option for power generation. Moreover, favorable policies and regulations implemented by European countries have played a crucial role in promoting solar energy adoption. FITs, net metering schemes, and renewable energy targets set by the EU (REPowerEU) have provided financial incentives and regulatory support for solar projects. These policies encourage investment in solar installations, create a stable and predictable market, and drive the deployment of solar capacity. The REPowerEU initiative is a significant policy framework that aims to achieve climate and energy goals, including the reduction of greenhouse gas emissions and the promotion of renewable energy sources. As part of this initiative, the European Commission has set a new solar target of 750 GWdc by 2030. This ambitious target demonstrates the commitment of European countries to transition toward clean energy and reduce their dependence on fossil fuels, particularly those imported from Russia.

Figure 8: Expected Evolution of Solar PV Installed Capacity in the EU (GWp)



Source: Company Presentation January 2024

In terms of installed capacity, the total solar capacity in Europe has surpassed 200 GW, with several countries leading the way in solar energy adoption. Germany has been a frontrunner in the European solar market, with a substantial installed solar capacity and a strong policy framework supporting renewable energy. Spain, Italy, France, and the Netherlands are also among the top countries in terms of installed solar capacity. These countries have implemented supportive policies, incentivizing solar energy adoption and driving market growth. Furthermore, the expansion of renewable power, including solar energy, is bolstered by the fact that 10 EU countries are adding more than 1 GW of solar capacity annually. This demonstrates a strong commitment to renewable energy and highlights the significant growth potential in the European solar market. These countries include Germany, Spain, Italy, France, the Netherlands, Poland, Sweden, Belgium, Austria, and Greece. Their efforts to rapidly increase solar capacity enhance energy security, reduce carbon emissions, and create a sustainable and resilient energy system.

Expanding renewable power, particularly solar energy, brings numerous benefits to European countries. First and foremost, it enhances energy security by reducing dependence on imported fossil fuels. With a diversified energy mix that includes a significant share of renewable energy sources, European countries can reduce their vulnerability to supply disruptions and price volatility associated with fossil fuel imports. Additionally, expanding solar energy contributes to reducing greenhouse gas emissions and helps countries meet their climate targets. Solar power generation produces clean electricity without emitting harmful pollutants or greenhouse gases. By replacing fossil fuel-based power generation with solar energy, countries can significantly reduce their carbon footprint and mitigate the impacts of climate change. The expansion of renewable power, including solar energy, also positively affects local communities and end users. Solar installations can be deployed at various scales, from large utility-scale projects to residential and commercial rooftop systems. This decentralized approach to power generation brings benefits such as reduced transmission and distribution losses, increased energy independence, and potential savings on electricity bills for end users. Moreover, solar energy projects can be developed closer to the point of consumption, reducing the need for long-distance transmission infrastructure and minimizing energy losses. However, despite the significant progress in the European solar energy market, several challenges remain. One of the key challenges is the intermittent nature of solar power generation. Solar energy production depends on sunlight, which varies throughout the day and is unavailable at night. To address this challenge, energy storage technologies, such as batteries, can be integrated into solar systems to store excess energy during periods of low sunlight or high demand. The development and deployment of energy storage solutions are crucial to ensure a reliable and stable supply of solar energy, even when sunlight is not available. Another challenge is the need for grid integration and infrastructure upgrades. As the share of solar energy in the power mix increases, it is essential to ensure that the grid can accommodate and manage the variability and fluctuation of solar power generation.

MANAGEMENT

Alternus has a highly experienced and growing management team, led by:

Vincent Browne – Chief Executive Officer. Mr. Browne is a seasoned executive with more than 20 years of experience in finance and operations. He has held senior management roles, including CEO and CFO, in both public and private companies. He has expertise in areas such as M&A, project finance, and capital market transactions. Vincent's entrepreneurial mindset and innovative approach have contributed to the success of Alternus, where he leads expansion efforts in America and Europe. He holds a Bachelor of Commerce degree and is involved in commercializing research and technology projects at Trinity College Dublin.

Joseph Duey – Chief Financial Officer. Mr. Duey has more than 20 years of experience in renewable energy asset development, construction, and financing, with a strong focus on financial operations. He has held key roles such as CFO of Green States Energy, where he contributed to significant company growth. He has held various finance and operations positions with Fortune 500 manufacturing companies. He joined Alternus as CFO in 2018 and holds an MBA from the University of Illinois. He has achieved several professional designations, including CPA, CMA, CIA, and CFM.

Gary Swan – Chief Technical Officer. Mr. Swan joined Alternus as the Chief Technical Officer in 2021, bringing with him 30 years of construction experience in the renewable energy sector. Prior to joining Alternus, he served as the acting Technical Director for Actis Energy portfolio companies, overseeing the construction of large-scale wind and solar projects in Chile and Africa. He also held the position of Head of Construction at Mainstream Renewable Power. He has a solid educational background with a BAI in Civil, Structural, and Environmental Engineering from Trinity College Dublin, and an MSc in Project Management from University College Dublin.

David Farrell – Chief Commercial Officer. Mr. Farrell joined Alternus in 2022 as part of the executive management team. He is responsible for overseeing all commercial and M&A activities at the company. He also plays a key role in funding and investment activities, working closely with the CFO and CEO. Prior to joining the company, he held positions such as Director of Corporate Finance at Grant Thornton and Director of Mergers & Acquisitions at Duff & Phelps. He has also worked in various management roles in corporate, institutional, and commercial banking, gaining extensive experience in financings related to corporate, real estate, infrastructure, and renewables, as well as participating in numerous M&A transactions.

Taliesin Durant – Chief Legal Officer. Ms. Durant has been the General Counsel at Alternus since 2018. She has more than 20 years of experience in corporate law, having held senior positions at various companies. Before Alternus, she ran her own consulting firm providing legal advice to small businesses. She also served as Chief Legal Officer and Secretary at multiple companies, including one that successfully transitioned stock exchanges. She has a strong legal background with a Juris Doctor degree and membership in the California State Bar Association.

FINANCIALS

Figure 9: Pro Forma Balance Sheet and Income Statement as of Sep-2023

Balance Sheet		Sep-23	Income Statement		Sep-23
Cash and cash equivalents		6.6	Revenues		13.4
Accounts receivable		3.1	Operating expenses:		
Other receivables		0.5	Cost of revenues		-2.2
Marketable securities		0.0	Franchise tax expense		-0.2
Unbilled energy incentives earned		5.9	Bank fees		0.0
Prepaid expense and other current assets		0.9	Insurance expense		-0.3
Taxes recoverable		1.3	Dues and subscriptions		-0.2
Total Current Assets		18.3	Marketing and advertising expenses		0.0
Property and equipment		66.4	Legal and accounting expenses		-1.1
Right of use asset		0.9	Listing fee		-0.1
Goodwill		0.0	Selling, general and administrative		-10.0
Restricted Cash		5.0	Development cost		-0.2
Other long term assets		23.0	Depreciation & amortization		-1.5
Forward purchase agreement		17.1	Total operating expenses		-15.7
Total Assets		112.4	Income (loss) from operations		-2.3
Liabilities			Interest expense		-4.9
Accounts Payable		6.2	Other income		2.4
Accrued liabilities		3.5	Dividend income		0.0
Income and franchise taxes payable		0.0	Realized gains on marketable securities		0.0
Accrued legal expenses		1.0	Other expenses		2.3
Taxes payable		0.7	Total other expenses		-0.3
Deferred income		5.5	Net income (loss) before income taxes		-2.6
Rights of asset liability		0.5	Income taxes		-0.9
Green bonds		55.6	Net income (loss)		-3.4
Accrued costs		0.5	Basic and diluted net income (loss) per share		-0.05
Promissory note		0.0	Basic and diluted weighted average shares outstanding		71.9
Deferred underwriter fees		0.0			
Total Current Liabilities		73.6			
Rights of asset - long term		0.9			
Convertible and non-convertible notes		2.2			
Asset retirement obligations		0.2			
Forward purchase agreement		0.0			
Total Liabilities		76.9			
CEAC Class B common		0.0			
Preferred stock		11.0			
Additional paid-in capital		26.6			
Foreign Currency Translation Reserve		0.8			
Accumulated deficit		-2.9			
Total stockholders' equity		35.5			
Total liabilities and stockholders' equity		112.4			

Source: Company reports

RISKS

Short-term contract risk. Alternus procures supplies such as PV modules and balance-of-system components from third-party suppliers on a project-by-project basis and does not maintain long-term contracts. Therefore, the company is vulnerable to fluctuations in prices for its components and any increase in the prices of key costs (design and installation) may increase costs for the company.

Project development risks. While Alternus has strong management with significant industry experience, there may still be project development risks associated with identifying suitable sites, obtaining permits and approvals, and executing projects successfully. Delays, cost overruns, or unforeseen technical difficulties can affect project timelines and financial outcomes.

Regulatory risk. The renewable energy industry is subject to a variety of government regulations, which can change over time. Changes in government policies, subsidies, or regulations related to renewable energy can affect the profitability and viability of projects, potentially leading to financial losses for Alternus.

Competitive landscape. The renewable energy sector is becoming increasingly competitive, with new market entrants and established players vying for market share. Alternus may face challenges in maintaining its competitive edge and attracting customers and investors. Additionally, Alternus faces competition from other renewable energy developers, as well as from traditional utilities and other energy companies.

ABOUT THE ANALYSTS



Shawn Severson
Co-CEO & Co-Founder

Shawn Severson is Co-CEO & Co-Founder of Water Tower Research. Prior to co-founding Water Tower Research and previously founding predecessor firm alphaDIRECT Advisors, Shawn spent over 20 years as a senior equity research analyst covering the Technology and ClimateTech sectors, including senior positions at JMP Securities, ThinkEquity, Robert W. Baird (London) and Raymond James, and he started his career as an equity research associate at Kemper Securities.

Shawn was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and a StarMine Analyst Awards Top 3 stock picker. Shawn's extensive professional experience also includes his former role as Managing Director of the Energy, Environmental and Industrial Technologies Practice at The Blueshirt Group, a leading investor relations and IPO advisory firm. Shawn holds a BA degree in Finance and Economics from Augustana College.



Graham Mattison
Senior Research Analyst

Graham Mattison brings more than 20 years of experience in equity research, investor relations, and corporate operations, growth, and development. Graham was the Investor Relations Officer for two NASDAQ-listed companies where he led multiple equity raises as well as managed an activist investor campaign, M&A and corporate restructuring, and a NASDAQ delisting and relisting.

Previously, he was a Senior Equity Research Analyst, most recently at Lazard Capital Markets, covering the industrial and cleantech industries. He began his career in Southeast Asia as an Investment Analyst for Daiwa Securities. He was also co-founder of an online residential real estate start-up that developed a web-based auction platform.

Graham received his BA in East Asian Studies with minors in Economics and History from Hobart College and his MBA in Finance with honors from the Thunderbird International Business School at Arizona State University. He is an Investor Relations Charter (IRC) holder from the National Investor Relations Institute.

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