FALCK RENEWABLES SPA

REPORT BY THE AUDIT FIRM ON THE ADEQUACY OF THE CRITERIA PROPOSED BY THE DIRECTORS TO CALCULATE THE ISSUE PRICE OF THE SHARES RELATING TO THE CAPITAL INCREASE WITH EXCLUSION OF THE PRE-EMPTIVE RIGHT IN ACCORDANCE WITH ARTICLE 2441, FIFTH AND SIXTH PARAGRAPHS OF THE CIVIL CODE AND ARTICLE 158, FIRST PARAGRAPH OF LEGISLATIVE DECREE 58/1998

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REPORT BY THE AUDIT FIRM ON THE ADEQUACY OF THE CRITERIA PROPOSED BY THE DIRECTORS TO CALCULATE THE ISSUE PRICE OF THE SHARES RELATING TO THE CAPITAL INCREASE WITH EXCLUSION OF THE PRE-EMPTIVE RIGHT IN ACCORDANCE WITH ARTICLE 2441, FIFTH AND SIXTH PARAGRAPHS OF THE CIVIL CODE AND ARTICLE 158, FIRST PARAGRAPH OF LEGISLATIVE DECREE 58/1998

To the shareholders of Falck Renewables SpA

1 Explanation and Objective of the Assignment

In relation to the capital increase proposal with exclusion of the pre-emptive right in accordance with articles 2441, fifth paragraph of the Civil Code and 158, first paragraph of Legislative Decree 58/98 (Consolidated Financial Intermediation Act), we received the report by the board of directors of the Company ("Board of Directors") from the company Falck Renewables SpA (hereinafter "Falck" or the "Company"), dated 24 September 2020, in accordance with article 2441, sixth paragraph, of the Civil Code (hereinafter the "Directors' report", the "Report") which illustrates and gives the reasons behind said capital increase proposal, with exclusion of the pre-emptive right, indicating the criteria used by the Board of Directors to calculate the newly issued share price.

The proposal of the Board of Directors, as described in the Directors' report, is to authorise the convertibility into ordinary Company shares of the equity-linked bond of a nominal amount of Euro 200,000,000 (two hundred million), with maturity on 23 September 2025, reserved to qualified investors, called *"Euro 200,000,000 0.00 per cent. Senior Unsecured Equity-linked Green Bonds due 2025"* issued on 23 September 2020 ("Bond" or the "Loan") and consequently, the proposal to increase the share capital, to service the Bond, for cash, in tranches, with exclusion of the pre-emptive right in accordance with article 2441, fifth paragraph of the Civil Code, for a maximum of Euro 200,000,000 (two hundred million) including any share premium, to be paid one or more times by the issue of ordinary shares of the Company with standard dividend entitlement, with the same characteristics as the ordinary shares in issue (the "Capital Increase"; the Capital Increase with the Loan the "Transaction").

The proposal of the above-mentioned Capital Increase will be submitted for the approval of the extraordinary general meeting of the Company ("Extraordinary General Meeting" or the "General Meeting") scheduled for 17 November 2020 on first call, and if necessary, with the second call on 18 November 2020.

In reference to the Transaction described above, the Board of Directors of the Company engaged us to express, in accordance with article 2441, fifth and sixth paragraphs of the Civil Code and article 158, first paragraph of the Consolidated Financial Intermediation Act, our opinion on the adequacy of the criteria proposed by the directors of the Company ("Directors") to calculate the issue price of the new Falck shares.

2 Summary of the Transaction

2.1 Introduction

The proposed Capital Increase, described in the Directors' report, forms part of the Transaction to issue the Bond, reserved exclusively to Italian and foreign qualified investors (as defined on the basis of prevailing applicable laws), excluding the United States of America or other jurisdictions where the offering or the placement of the bonds would be subject to specific authorisations (the "Institutional Investors") and in any case, excluding any offering to the public.

The terms and characteristics of the Bond are described in the document called the Trust Deed, which includes the "Terms & Conditions".

In accordance with the provisions of the Directors' report, the placement of the bonds (the "Bonds") began on 15 September 2020 and ended on the 16, with the definitive pricing on 16 September 2020 upon conclusion of the placement process. The transaction was governed by issue of the Bonds and payment of the subscription price on 23 September 2020.

As set out in the Directors' report, the price of the initial conversion into ordinary shares is set at Euro 7.22 per share, subject to adjustment, pursuant to the Terms & Conditions, in line with established market practice for these types of financial instruments.

The Terms & Conditions provide that if the General Meeting does not approve the Capital Increase by 31 March 2021 (the "Long-Stop Date"), the Bonds may not be converted into conversion shares and (i) each bondholder may request redemption in cash of its Bonds at a value that is index-linked to the market price of the underlying shares (as equal to the market value, calculated in accordance with the provisions of the Terms & Conditions, of the number of ordinary shares of Falck Renewables that the Bondholder would have the right to if it had exercised the conversion right of the Bonds into ordinary shares), and (ii) the Company may, within a limited period of time following the Long-Stop Date, fully redeem the Loan with payment of a premium (i.e. with payment in cash of an amount equal to the higher between (a) 102% (one hundred and two per cent) of the nominal amount of the Loan, and (b) 102% (one hundred and two per cent) of the fair market value of the Bonds, calculated by an independent party on the basis of the average prices of the Bonds in the five market trading days following the redemption notification.
If the General Meeting decides to authorise the convertibility of the Bond and consequently to increase the capital to service the conversion of the Bond, the Company will have to send a specific notification to the Bondholders (the Physical Settlement Notice) whereby they will be assigned, from the date specified therein (the Physical Settlement Date) - and in any case not before 10 and not after 20 market trading days on the Milan stock exchange starting from the date of the Physical Settlement Notice - the right to convert into ordinary shares of the Company from the Physical Settlement Date up until the seventh day prior to the date of expiry of the Loan in accordance with the terms and limitations provided under the Terms & Conditions.

2.2 The main characteristics of the Bond

In accordance with the Directors' report and the Terms & Conditions, the Bond has the following main characteristics:

- total nominal amount of the issue: Euro 200,000,000;
- minimum Bond denomination: Euro 100,000;
- issue date: 23 September 2020;
- duration: 5 years with maturity on 23 September 2025;
- currency: Euro;
- target: institutional investors;
- issue price: equal to 101.25 per cent of the nominal value of the Bond;
- interest rate: equal to zero;
- initial conversion price: Euro 7.22 per share (the "Initial Conversion Price"), subject to adjustment in accordance with the Terms & Conditions, in line with established market practice for these types of financial instruments;
- dividend entitlement date: from the issue date;
- right of conversion: subject to the adoption of the decision by the General Meeting to authorise the conversion of the Bonds and approval of the Capital Increase to service said conversion, the Company will have to notify the bondholders of the above-mentioned Physical Settlement Date, i.e. the date from which they will be given the right to convert the Bonds into newly issued ordinary shares of the Company;
- redemption: at maturity, the capital will have to be redeemed on a lump-sum basis, for an amount equal to 100% of the nominal value apart from cases of early redemption;
- early redemption: right of the Company to fully redeem, on an early basis, the Loan at its nominal value (i) at a value that is index-linked 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 infra "Right of conversion"; (ii) at the nominal value if the rights of conversion or early redemption have been exercised at a percentage equal to or higher than 85% (eighty-five per cent) of the nominal amount of the Loan (known as the clean up call); (iii) at the nominal value if, starting from 8 October 2023, the stock price of the ordinary shares of the Company is, for a number of days specified in the Terms & Conditions, higher than 130% (one hundred and thirty per cent) of the conversion price (known as the issuer's soft call); or (iv) if the Company has to take responsibility for, in relation to the payments due, the taxes owed by the bondholders due to changes in tax laws (known as a tax call);

- change of control and free float event: upon the occurrence of a change of control of the Company (as defined by the Terms & Conditions) or if the free float of the ordinary shares of the Company (calculated in accordance with the mechanisms governed by the Terms & Conditions) falls below 20% and stays there for at least 30 market trading days from the first day on which it fell below said threshold (known as the free float event), each Bondholder will either have the right to ask (i) for early redemption at the nominal value or (ii) the recognition of a new conversion price, lower than the original and based on the time that passed between the event and the maturity of the Bonds (if it is the case, in accordance with the cash alternative amount mechanism); this will all be in accordance with the terms and mechanisms identified in the Terms & Conditions.

  In accordance with the Terms & Conditions, a change of control will be understood to have occurred when one or more parties, acting in concert, acquire control of the Company or the ability to exercise dominating influence, in accordance with article 93 of the Consolidated Law on Finance, on the shareholders' general meeting of the Company and the right to appoint or remove all or most of the Company directors.

- adjustments to the conversion price: the Terms & Conditions of the Bond provide that the initial conversion price shall be adjusted in accordance with established market practice for these types of debt instruments upon the occurrence, *inter alia,* of the following events: reverse stock split or stock split, capital increase using profits or reserves, distribution of dividends, issue of shares or financial instruments reserved to shareholders, assignment of options, warrants or other rights to subscribe to/purchase shares or financial instruments to the shareholders, issue of shares or assignment of options, warrants or other rights to subscribe to or issue convertible financial instruments or that can be exchanged for shares, amendments to the rights of conversion/exchange related to other financial instruments, change of control or other significant events identified by the Terms & Conditions of the Loan. More specifically, if the Company distributes dividends during the life of the Bond for amounts higher than 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 to compensate the Bondholders in accordance with the dividends distributed (known as the dividend protection clause);

- quotation: Vienna MTF managed by the Vienna Stock Exchange:

- applicable law: the Terms & Conditions of the Bond are governed by English law, apart from the laws on the General Meeting of the Bondholders that will be governed by Italian law.

2.3 Objectives of the Transaction and reasons for the exclusion of the pre-emptive right

The Directors' report specifies that the issue of the Bond, the Capital Increase and the approval of the convertibility of the Bonds into convertible bonds constitute a single transaction aimed at providing the Company with a funding instrument that can raise, rapidly and pursuant to terms (of cost and duration) considered to be beneficial for the Company, capital market resources and that in deciding to issue the Loan, with the consequent proposal to approve, in accordance with article 2441, paragraph 5 of the Civil Code, the Capital Increase, the Board of Directors took account of the main advantages of the transaction as structured, in a market context characterised by high volatility in view of the impact, *inter alia,* of the Covid-19 pandemic as described below:

- the option to benefit, rapidly, due to said volatility, from positive market windows as soon as they are available, through a rapid placement with the Institutional investors, with a reference market, in terms of the investors available, that is in line with the amount hypothesised and a rapid timeframe;

- the very fast performance times that allowed the exposure to market risk for the Company to be minimised with respect to gathering financial resources with alternative instruments.
  In the trade-off between certainty of the terms of the issue on the one hand, and recognition of the pre-emptive right on the other, it was decided to favour the terms as it was believed that said choice would best meet the interests of the shareholders as it allows the Company to issue a relatively low number of new shares at the best price possible, if the conditions for conversion are met of course;

- raising funding at favourable conditions in terms of cost and duration, also considering the equity-linked characteristics of the Bonds;

- the placement of capital at a premium of 35.00% compared to the market price at the time of issue of the Bonds, where a capital increase with pre-emptive right - as per standard market practice - would have to be issued at a discount; the above-mentioned premium already takes account of the option for the Company to distribute dividends during the life of the Bond up to an amount equal to Euro 0.067 per share in 2021 and Euro 0.069 per share in 2022, 2023, 2024 and 2025, without the conversion price having to be adjusted to compensate the Bondholders in accordance with the dividends distributed (known as the dividend protection clause);

- a broader diversification of the financial resources and the investors in addition to greater international visibility for the Falck Renewables Group in view of the placement of the Bond with foreign institutional investors.

In accordance with the Directors' report, the proceeds from the issue of the Bonds will be used, if necessary along with cash available to the Company or to be subsequently raised, to finance and/or refinance projects that fall under the definition of Eligible Green Assets, as resulting from the Green Financing Framework of the Company, 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. Additionally, within the scope of issuing the Bond, DNV GL Business Assurance Italy prepared and issued the Second Party Opinion on 10 September 2020 in order to confirm that the proceeds from the issue will be used to finance and/or refinance projects falling under the above-mentioned definition of Eligible Green Assets.

In their Report, the Directors note that the placement of the Bond is aimed at Institutional investors who are specialised in linked-equity instruments due, on the one hand, to the complexity of the financial characteristics of the Loan, which, by their nature, generally require appreciation by investors who have advanced technical knowledge, and on the other, the wish to guarantee the success of the transaction in a short timeframe, which would not be in keeping with the placement requirements and time periods required for other investor categories, including retail investors.

The offer of the Bond to Institutional investors allowed the financial resources to be rapidly raised from the non-banking capital market, allowing the Company to use the opportunities offered by the positive market context and the placement conditions resulting from the equity-linked characteristics of the Bond. The Board of Directors believes that the Bond issue is in keeping with the interests of the Company, which managed to raise financial resources on the market in the medium term at particularly favourable conditions with a return upon issue of -0.25% per year.

Finally, the Directors' report explained that any conversion of the Bonds into newly issued shares will permit the Company to reinforce its equity structure and diversify its financial structure, while limiting the related disbursement of cash relating to the principal at maturity and expanding the shareholder structure, with the entrance of Institutional investors into the company capital.

The Directors therefore submitted the Capital Increase proposal to service the Bond with exclusion of the pre-emptive right for approval by the Extraordinary General Meeting. The Board of Directors believes that the exclusion of the pre-emptive right is in keeping with the interests of the Company in accordance with article 2441, paragraphs 5 and 6 of the Civil Code for the reasons set out under the Directors' report, including:

- the choice to reserve the subscription to the Bond to Institutional investors only, therefore with exclusion of the pre-emptive right of the shareholders to the subsequent Capital Increase, is linked to the high degree of complexity and the characteristics of the equity-linked financial instruments that make them completely unsuitable for a retail public (and therefore a blanket offer to all the shareholders of the Company). The decision to have recourse to the equity-linked instrument (and the specific structure and characteristics of the Bond, offered, *inter alia,* in denominations of Euro 100,000.00), aimed exclusively at Institutional investors, constitutes an efficient way to raise non-banking financial resources at particularly favourable terms, that are well suited to the current needs of the Company, and will improve the financial situation and relative costs which could not otherwise be obtained (and more specifically, could not be obtained with traditional convertible bonds offered as an option to the shareholders);

- the issue and placement of equity-linked instruments assumes a market offer with very short timeframes and mechanisms that require exclusion of the pre-emptive right and exclusion of the offer of the Bonds to the public which would require more onerous requirements from the company, longer execution times, higher costs and higher performance risks;

- the approval of the Capital Increase and the consequent option to convert the Bond - if the bondholders decide to exercise the conversion in the cases provided for under the Terms & Conditions - will mean that the settlement provisions in money by the Bondholders shall not apply, apart from the cases of early redemption indicated in paragraph 1.4 above, potentially stabilising the acquisition of the resources raised through the Bond;

- any conversion of the Bonds into Falck Renewables shares, or in any case the issue of shares in accordance with the Loan, will permit the Company (i) to reinforce its equity structure and diversify its financial structure, while limiting the related disbursement of cash relating to the principal at maturity and (ii) to expand its shareholder structure.

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3 Nature and Scope of this Report

The aim of this fairness opinion, issued in accordance with articles 2441, sixth paragraph of the Civil Code and 158, first paragraph of Legislative Decree 58/98, is to provide more information to the shareholders excluded from the pre-emptive right, in accordance with article 2441, fifth paragraph, of the Civil Code, regarding the methods adopted by the Directors to calculate the share issue price for the purpose of the planned Capital Increase.

More specifically, this fairness opinion indicates the methods used by the Directors to calculate the issue price of the shares and any valuation difficulties that they may have encountered, and comprises our considerations on the adequacy, from the viewpoint of their reasonableness and lack of arbitrariness, in the circumstances at hand, of the methods used and their correct application. In examining the valuation methods used by the Directors, we did not make an economic valuation of the Company. This valuation was carried out exclusively by the Directors.

4 Documentation used

We obtained the documentation and information considered necessary for the case at hand from the Company, or through it, to carry out our work. More specifically, we obtained and analysed the following documentation made available to us:

- minutes of the Board of Directors meeting of 15 September 2020 approving the terms and conditions of the Loan;
- Decision by the Chief Executive Officer of 16 September 2020;
- Terms & Conditions of the Loan, dated 23 September 2020;
- Trust deed of the Bond dated 23 September 2020;
- documentation summarising the results of the placement process of the Bond (known as book-building);
- Report by the Board of Directors of Falck of 24 September 2020 illustrating the capital increase proposal with exclusion of the pre-emptive right in accordance with the sixth paragraph of article 2441 of the Civil Code, indicating the criteria used by the Board of Directors to calculate the price at which the new shares would be issued;
- minutes of the Board of Directors meeting approving the Report on 24 September 2020;
- press release by Falck on the launch and conclusion of the Bond placement issued on 15 and 16 September 2020 respectively;

- market price performance of the Falck shares registered on the Borsa Italiana Electronic Stock Exchange in the monitoring period defined by the Directors (six months before the date of 14 September 2020), in the six months prior to the date of 20 October 2020, that also reflects the stock prices of the shares in the period following the issue of the Loan, and other information such as the volatility of the shares, average daily volumes and the liquidity of the shares;

- market price performance of the Falck shares registered on the Borsa Italiana Electronic Stock Exchange up to 15 September 2020, and other information such as the volatility of the shares, average daily volumes and the liquidity of the shares;

- examination of the conversion premiums of the convertible bonds issued in the last 12 months[1];

- recording, at the last available date, the target prices estimated by the analysts for the Falck shares;

- updated articles of association of Falck for the purposes of this Opinion;

- Annual financial statements and consolidated financial statements of Falck as at 31 December 2019 and related audit reports issued on 30 March 2020 by another auditing firm;

- Interim management report of the Company as at 30 June 2020 that we audited on a limited basis, with the report issued on 7 August 2020;

- accounting, off-balance sheet and statistical elements, publicly available news on Falck and any other information considered useful for the purposes of our assignment.

We also obtained specific and express confirmation, by letter issued by the Company on 21 October 2020, signed by its legal representative, that, to the extent the Directors of the Company were aware, no significant changes had occurred as at the date of this Report, or facts or circumstances that would make it advisable to make significant changes to the data or information considered in the performance of our analyses and/or that could have significant impacts on the valuations prepared by the Directors.

5 Valuation methods used by the Directors to calculate the share issue price

Assuming the exclusion of the pre-emptive right pursuant to article 2441, fifth paragraph of the Civil Code, the sixth paragraph of said article provides that the price of issue of the shares will be determined by the Directors "on the basis of the value of the net equity, also taking account, for the shares listed on the stock exchange, of the performance of the stock prices in the last half-year period".

As noted in their Report, the Directors, considering the characteristics of both the Bonds and the Capital Increase, decided to propose to the General Meeting that the issue price of the shares from the Capital Increase would equal the conversion price of the Bonds (equal to Euro 7.22), subject to compliance with the criteria provided under article 2441 paragraph 6

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of the Civil Code, according to which the issue price may not be lower than the price determined on the basis of the value of the net equity of the Company, also taking account of the performance of the stock prices on the Electronic Stock Exchange of the ordinary shares of the Company in the last half-year period.

As set out in the Report, the initial conversion price of the Bonds - given the nature of the Bond, earmarked to become convertible into ordinary shares subject to the approval of the General Meeting - was determined, in accordance with established market practice for those financial instruments, upon conclusion of the Bond placement on the basis of the market value of the ordinary shares of the Company, the quantity and quality of the demand expressed within the scope of placing the Bond.

More specifically, in order to determine the market value of the ordinary shares, reference was made to the placement price of the ordinary shares of the Company made by the Joint Bookrunners at the same time as the placement of the Bonds, on behalf of the bond subscribers for hedging purposes relating to the market risk resulting from the investment in the Bonds. This price amounted to Euro 5.35 and was calculated using the accelerated bookbuilding process. A conversion premium of 35.00% was then applied to that market value, pre-established on the basis of the instructions from the banks engaged for the transaction and the market conditions, giving rise to a conversion price of Euro 7.22. That application of that premium was also possible due to a positive market situation with respect to Falck Renewables despite the high level of volatility of the national and international scenario, also due to the Covid-19 virus pandemic.
Additionally, in accordance with the provisions of article 2441, paragraph 6 of the Civil Code, for the purpose of establishing the issue price of the new ordinary shares to service any conversion of the Bonds, the Board of Directors considered the value of the net equity per share of the Company as at the date of 31 December 2019, equal to Euro 1.77 (one point seventy-seven), the value of the consolidated net equity per share as at 31 December 2019, equal to Euro 1.89 (one point eighty-nine), and the arithmetic average of the price of the ordinary shares of the Company, recorded on the basis of the official prices registered on Borsa Italiana in the half-year period prior to the date of 14 September 2020, equal to Euro 5.09 (five point zero nine).

The Directors specify that in accordance with the Terms & Conditions of the Bond, the initial conversion price could be adjusted at the conversion date in accordance with established market practice for this type of instrument, upon the occurrence of the specified events, including but not limited to those described in paragraph 1.6 of the Report to which reference should be made.

6 Valuation difficulties encountered by the Board of Directors

The Report does not indicate any specific difficulties encountered by the Directors in the valuations described in the previous paragraph, remarking on a positive market situation with respect to Falck, even though the financial markets are highly volatile due in part to the Covid-19 virus pandemic.

7 Results which emerged from the valuation carried out by the Board of Directors

On the basis of the analyses carried out by the Board of Directors, the Directors decided to determine the issue price of the new Falck shares within the scope of the Capital Increase as **Euro 7.22** per share, or equal to the conversion price of the Bonds identified in accordance with the Terms & Conditions.

8 Work undertaken

We carried out the following main activities in order to do our job:

- examined the minutes of the Board of Directors meetings of the Company relating to the transaction;
- critical reading of the Directors' report and especially the criteria to calculate the issue price of the new shares used by the Directors, in order to check the adequacy, from the viewpoint of reasonableness and lack of arbitrariness;
- examined the updated articles of association of the Company for the purposes of this job;
- gathered and examined the elements that could help analyse the work undertaken by the Directors to identify the criteria used to calculate the issue price of the new shares to check to ensure that it was technically suitable, in the specific circumstances, from the viewpoint of reasonableness and lack of arbitrariness, to determine the share issue price;
- analysis of the completeness and lack of inconsistency of the reasons indicated by the Board of Directors with respect to the choice of said value;
- checked the consistency of the data used with the reference sources, including the documentation used, as described in paragraph 4 above;
- inspected the performance of the stock prices of the shares of the Company in the six months prior to the date of 15 September 2020 close to the date of approval of the issue of the Loan and the data of 20 October 2020 close to the date of the issue of the Report;
- analyses of the target prices estimated by the analysts for the Falck shares at the most recent date available;
- checks aimed at establishing the significance of the price of the Falck shares, through an analysis of the free float, the volatility of the shares, the average daily trading volumes, the bid/ask spread and the turnover velocity;
- independent analyses on the calculation of the fair value of the implicit right of bondholders to convert their securities into shares (warrants), also with the aim of checking how much the results could be influenced by changes in the parameters used;
- independent analysis of the conversion premiums used to issue the convertible bonds in Europe in the last twelve months;
- interviews with the Company Management regarding the events which occurred after the launch of the Transaction, with reference to any facts or circumstances that could have a significant effect on the data and information considered in making our analyses, and on the results of the valuations;
- received confirmation from the legal representatives of the Company on the valuation elements made available to us, and on the fact that, to the extent they were aware, as at the date of our opinion, there were no significant changes that would have to be made at the reference dates of the Transaction or the other elements considered that would require an update to be made to the valuations prepared by the Directors.

9 Comments and specifications on the adequacy of the valuation methods used by the Directors to calculate the share issue price

On a preliminary basis, it should be remembered that the purpose of this fairness opinion is the Capital Increase to service the Loan.

As illustrated in the Directors' report, the issue of the Bond, the Capital Increase and the approval of the convertibility of the Bonds into convertible bonds constitutes a single transaction aimed at providing the Company with a funding instrument that can raise, rapidly and pursuant to terms (of cost and duration) considered to be beneficial for the Company, the resources to finance and/or refinance projects that fall under the definition of Eligible Green Assets as resulting from the Green Financing Framework of the Company.

The Directors' report describes the characteristics of the Loan instrument and the approach taken by the Directors to identify the terms and conditions of the Capital Increase to service the convertibility of the Bonds.

In that context, in accordance with what emerged from the Directors' report, the reasons underlying the methodological choices they made to calculate the issue price of the new shares within the scope of the proposed Capital Increase and the logical process followed are the direct consequence of the terms and conditions identified in the Terms & Conditions.

Therefore, the considerations that follow regarding the reasonableness and lack of arbitrariness, in the circumstances, of the criteria used by the Directors to calculate the issue price of the new Falck shares within the scope of the Capital Increase also take account of the specific characteristics of the overall structure of the Transaction and its trading component on the basis of the elements and objective market conditions and the Company at the time of placing the Bonds, i.e. in September 2020:

- the Directors identified the issue price of the new shares within the scope of the Capital Increase as the amount corresponding to the Bond conversion price, of Euro 7.22. This conversion price - reflected in the executive decision made by the Chief Executive Officer on 16 September 2020 - was determined on 16 September 2020, the date on which the accelerated bookbuilding process of the Loan ended, on the basis of a method that uses the accelerated placement price of the ordinary shares of the Company made by the Joint Bookrunners at the same time as the placement of the Bonds (the Concurrent Equity Offering), on behalf of the bond subscribers who intend to sell those shares short for hedging purposes relating to the market risk resulting from the investment in the Bonds, amounting to Euro 5.35.
  The issue price also incorporates a conversion premium of 35%, giving rise to a conversion price of Euro 7.22;

- pursuant to article 2441, sixth paragraph of the Civil Code, the issue price of the shares, where the pre-emptive right is excluded, has to be determined *"on the basis of the value of the net equity, also taking account of the performance of the stock prices in the last half-year period for the shares listed on regulated markets";*

- with regard to the expression *"value of the net equity"*, legal theory states that the lawmaker did not intend to refer to the book value of the net equity but rather to the current value of the economic capital of the company. Regarding the *"performance of the stock prices in the last half-year period"*, standard practice and legal theory agree that this does not necessarily have to be to an average of the stock prices during the half-year period, but can also refer to more limited reference periods in accordance with the circumstances and the specific characteristics of the security, in order to identify the current value of the issuing company. In the case in question, in accordance with article 2441, sixth paragraph of the Civil Code, the Directors checked to ensure that the issue price of the shares was not lower than the average of the official prices recorded on the Borsa Italiana stock exchange in the half-year period prior to the date of 14 September;

- the stock market price criteria taken as a reference by the Directors to calculate the issue price, in addition to being consistent with the provisions of article 2441, sixth paragraph of the Civil Code, is generally accepted and used at both national and international level, and is in line with long-established professional practice, since it is a Company with shares listed on regulated markets and characterised by a good level of significance of the prices in consideration of the liquidity of the security reflected in the volumes exchanged in the number of transactions carried out (turnover velocity) and in the bid/ask spreads;

- in the case at hand, also considering the specific purpose of the Capital Increase, aimed at making the conversion shares available, needed for the potential conversion of the Loan, on the whole, the choice by the Directors to first refer to a "direct" market method, i.e. the stock prices, appears to be reasonable. The Transaction, following the approval of the Capital Increase and the transformation of the Bonds into convertible bonds, would entail the raising of new risk capital that, in the current market situation, would have to take account of the conditions expressed by the stock market at the time of placemen of the Loan. In view of the above, the adoption of the stock price method appears to be well-founded, and in the circumstances, reasonable and non-arbitrary since it is consistent with the overall structure of the Transaction and the aim of Increasing the Capital to service the conversion of the Loan;

- with regard to the time frame considered to calculate the issue price of the new shares, the Directors decided to use the placement price of the ordinary shares of the Company made by the Joint Bookrunners at the same time as the placement of the Bonds (the Concurrent Equity Offering), on behalf of the bond subscribers for hedging purposes relating to the market risk resulting from the investment in the Bonds. In this case, taking account of the purpose of the Transaction, we believe that the criteria chosen by the Directors permits an issue price of the shares to be identified that expresses a current value of the Company, updated to when the financial instrument is issued;

- as noted above, within the scope of the stock price method, the Directors also made further analyses of the stock prices of the Falck shares, calculating the arithmetic average of the stock prices of the security in the half-year period prior to the date of 14 September 2020. The analyses gave a value equal to Euro 5.09, which stands at a lower level than the issue price value, including the conversion premium, of the shares of Euro 7.22.

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Even taking into account the period following the issue of the Loan, and more especially, the six months prior to 20 October 2020, the values identified stood at lower levels than the value of the issue price incorporating the conversion premium;

- the choice by the Directors to incorporate, in the calculation of the issue price, a premium with respect to the above-mentioned closing price of the Falck shares recorded on the day of the accelerated bookbuilding process, is also in line with consolidated practice for these types of transactions. The conversion premium identified by the Directors (35%) is in line with the average of those used for the issue of convertible bonds in Europe in the last twelve months; we also carried out independent analyses regarding the overall reasonableness of the transaction, based on the calculation of the fair value of the naked bond and the call option implicit in the Loan;

- additionally, the Falck shares, following the issue of the Loan, did not register any specific or significant deviations compared to what was set out by the Directors in their Report of 24 September 2020, apart from a slight increase in the volatility starting from 9 October 2020: on the basis of what we were informed by Management, this increase in volatility mainly relates to technical reasons linked to investment strategies by certain professional investors, and consequently, is not connected to the fundamental aspects of the company;

- the analysis of the accuracy of the stock price methods used and the calculation of the issue price confirms the reasonability and lack of arbitrariness of the results achieved by the Directors;

- in view of the foregoing considerations, the overall methodological approach adopted by the Directors to calculate the issue price, considering the characteristics of the transaction to issue the Loan and the specific nature of the Company's business, appears reasonable and not arbitrary as a whole.

The aspects remarked on above were taken into adequate consideration in order to issue this fairness opinion.

10 Specific limits, valuation difficulties and other significant aspects encountered by the auditor in the work undertaken

Regarding the difficulties and limits encountered in undertaking this work, we would like to note the following:

- *Market volatility:* the reference to the valuation methods that require consideration of the appreciation by the market of the development potential of companies operating in certain sectors necessarily involves the risk of taking account of the natural volatility of the market in the valuation process, which is currently very high due to the ongoing healthcare emergency. However, this limitation has been partly overcome due to the use of the average stock prices over a long enough time period and the strong recovery of the Falck security while the pandemic was still ongoing (increase of over 55% from the minimum levels reached in March 2020);

- *Failure to apply other valuation methods in order to calculate the economic value of Falck:* the Directors did not apply other valuation methods in addition to the stock market price criteria to calculate the economic value of Falck. However, this limitation was reduced due to the level of significance of the Falck share prices.

Note also the following aspects:

- the Terms & Conditions provide that in the hypothesis that the Extraordinary General Meeting of the Company, by 31 March 2021 (known as the Long-Stop Date), authorises the convertibility of the Bond and consequently the capital increase to service the conversion of the Bond, the Company will have to send a specific notification to the Bondholders (the Physical Settlement Notice) whereby they will be assigned, from the date specified therein (the Physical Settlement Date) - and in any case not before 10 and not after 20 market trading days on the Milan stock exchange starting from the date of the Physical Settlement Notice - the right to convert into ordinary shares of the Company from the Physical Settlement Date up to the seventh day prior to the date of expiry of the Loan in accordance with the terms and limitations provided under the Terms & Conditions;

- the Directors, in their Report, note that in the case in which: (i) there is a change of control of the Company, as defined in the Terms & Conditions, or (ii) a free float event occurs, as defined in the Terms & Conditions, each investor will have the right to: (i) request the redemption at the nominal value of the Bond; or be given a new conversion price, lower than the original and based on the period between the event and the maturity of the Bonds (if it is the case, in accordance with the cash alternative amount mechanism).
(ii)
This will all be carried out in accordance with the terms and mechanisms set out under the Terms & Conditions;

- in their Report, the Directors also note that the conversion price calculated as Euro 7.22, may be adjusted in accordance with established market practice for these types of debt instruments upon the occurrence, *inter alia,* of the following events given as examples: (i) reverse stock split or stock split, capital increase using profits or reserves, (iii) distribution of dividends, (iv) issue of shares or financial instruments reserved to shareholders, assignment of options, warrants or other rights to subscribe to/ purchase shares or financial instruments to the shareholders, issue of shares or assignment of options, warrants or other rights to subscribe to or issue convertible financial instruments or financial instruments that can be exchanged for shares, (v) amendments to the rights of conversion/exchange related to other financial instruments, change of control or other significant events identified by the Terms & Conditions of the Loan.
(ii)
More specifically, if the Company distributes dividends during the life of the Bond for amounts higher than 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 to compensate the Bondholders in accordance with the dividends distributed (known as the dividend protection clause);

- our assignment does not include any considerations regarding the decisions of the Directors on the structure of the Transaction in the context of the objectives of the Company, the related performance, the timeframes for starting up and implementing the Transaction;

- the Report does not indicate constraints on any time period for which the newly issued shares will be unavailable, with the resulting full right of the Bondholders to trade said shares on the market following the delivery by the Company of the new shares.

11 Conclusions

On the basis of the documentation examined and the procedures described above, and considering the nature and extent of our work as indicated in this fairness opinion, subject to the provisions of this paragraph 10, we believe that the methodological approach taken by the Directors is adequate, since in the circumstances, it is reasonable and not arbitrary, for the purpose of calculating the issue price as Euro 7.22 for each new Falck share within the scope of the Capital Increase, with exclusion of the pre-emptive right, to service the conversion of the Loan.

Milan, 21 October 2020

PricewaterhouseCoopers SpA

Digitally signed by: Marco Sala
Date: 21/10/2020 19:14:24

Marco Sala
(Auditor)