



Consolidated Financial Statements

as at 31 December 2023



SUMMARY



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01 MANAGEMENT REPORT	page 4
02 FINANCIAL STATEMENTS TABLES	page 16
03 EXPLANATORY NOTE	page 24
04 INDEPENDENT AUDITOR'S REPORT	page 46

01

MANAGEMENT
REPORT
ON THE
CONSOLIDATED
FINANCIAL STATEMENTS

city
green
light
citygreenlight.com

CITY GREEN LIGHT S.R.L.

Registered office at VIA ZAMPIERI, 15 - 36100 VICENZA (VI) Registered Capital Euro 50,000,000.00 fully paid up

Management Report on the Consolidated Financial Statements as at 31/12/2023

Foreword

Dear Shareholders,

Please refer to the notes to the financial statements for details on the values derived from the Balance Sheet and Income Statement for financial year 2023. The purpose of this document is to provide a fair, balanced and comprehensive analysis of the position of the City Green Light Group in terms of its overall performance and results of operations and in relation to the sector in which it operates; with particular reference to costs, income and investments, and to describe the principal risks and uncertainties to which the Group is exposed. It has been prepared in accordance with the provisions of Article 2428 of the Italian Civil Code and Italian Legislative Decree no. 127 of 9 April 1991, by Legislative Decree no. 32 of 2 February 2007, which transposes Community Directive no. 51/2003 and the provisions of Legislative Decree 139/2015.

The scope of consolidation of these financial statements comprises the parent company City Green Light Srl and the following subsidiaries: Lumagest Srl, FBF Impianti Srl, Efferre Energia Srl and Palermo in Luce Scarl.

Please note that these are the Group's first consolidated financial statements and therefore no comparative year is shown.

Activities of the City Green Light Group

The activities and the results achieved by the Group companies, based on their respective financial statements, are described below.

City Green Light Srl

The parent company, City Green Light Srl, is an E.S.Co (Energy Service Company) operating in the promotion of energy efficiency tools through the nationwide integrated management of public lighting services, facilities management of buildings and smart solutions for sustainable development.

The production value of the parent company during the year was € 152,352,835 (€ 138,105,764 in 2022) with a net profit of € 33,628,646 (€ 26,998,089 as at 31 December 2022).

The company achieved a significant level of turnover in this financial year due to important acquisitions in the form of new contractual references.

During the year, City Green Light was awarded a tender by the Municipality of Dolianova, in which it participated as a promoter, for a total value of € 2.3 million to improve the energy efficiency of public buildings. Also in 2023, the company was awarded the 2022 tender worth € 1.4 million by the Municipality of Limido Comasco, following an administrative appeal against the original winning bidder.

During the year, the company also participated in more than 117 invitations to tender and expressions of interest for works and service contracts issued directly by local authorities, autonomous state-owned or state-controlled companies, resulting in the award of 30 contracts for a total of approximately € 24.4 million. Some of the most significant contracts include the upgrading of three sites owned by ANM (Azienda Napoletana Mobilità) in Naples, with the installation of electric charging stations for buses; the relamping of over 4,000 lighting fixtures at the University of Messina; and the 15-year energy performance contract for 3,204 lighting points for the municipality of Russi.

Participation in these tenders was also made possible by the expansion of the SOA categories as a result of the parent company's M&A activities, which led to the inclusion of categories OG1 (civil and industrial buildings) and OG11 (technological systems), in classification III and III-BIS respectively.

As part of the Renewable Energy Communities initiatives, the parent company was awarded the feasibility study and consultancy as the REC facilitator for the Municipality of Sant'Arsenio, confirming the analysis work carried out.

Finally, the agreement continued with the accession of numerous municipalities in the awarded lots of Servizio Luce - edition 4, 'Convention for the provision of lighting and related and optional services for public administrations', announced by Consip Spa. In particular, the company was contracted for 179,636 lighting points for a total of € 213 million.

Lumagest Srl

Established on 13 March 2023, the main purpose of the company is to compete, directly or in temporary groupings with other entities, for public and private tenders for the integrated management of public lighting services and related energy improvement measures. The transfer of the 'Public Lighting Division' of CEIE Power S.p.A., including assets, liabilities and legal relationships, to Lumagest Srl was completed on 22 September. In return for the transfer of the business unit, CEIE received 49% of the share capital in Lumagest. The transaction was completed with the acquisition of the stake in CEIE by the Parent Company, which will hold 100% of the share capital of Lumagest at 31 December 2023. The business division being transferred consists of an organised set of assets and legal relationships dedicated to the management of 34 multi-year service concessions in the same number of municipalities in the Abruzzo region, which provide management, maintenance and 24-hour emergency response service for public lighting systems, including in some cases the supply of electricity. Lumagest Srl therefore effectively started operating after the transfer, i.e. after 22 September 2023, and closed financial year 2023 with a production value of € 2,049,600 and a net profit of € 232,065.

Efferre Energia Srl

The company, acquired on 7 November 2023, is active in the production and sale of energy through solar and photovoltaic panels, cogeneration and wind power plants, and the provision of integrated energy services. As at 31 December 2023, the company is not operational, but is starting a project to build a photovoltaic system on its agricultural land with an annual production of approximately 1,150 MWh.

Palermo In Luce Scarl

The objective of the company, which was set up with another partner company, is to provide technological solutions to reduce the energy consumption of public lighting networks in the areas upstream and surrounding the Palermo ring road and operates by charging members of the consortium for the costs incurred in carrying out these activities. As at 31 December 2023, the company had revenues of € 7,841,830 and an operating result of zero, due to the balancing mechanism provided for consortium companies.

FBF Impianti Srl

The company provides installation and maintenance services for heating, plumbing and electrical systems. The acquisition was completed on 31 July 2023. The company has a production value of € 2,297,807 and an operating loss of € 633,730 as at 31 December 2023.

General economic development

General economic trends

The inflationary pressures that emerged in the previous financial year had a significant impact on the financial year 2023, leading to a contraction in domestic and foreign demand and a decline in investment at national level.

According to the Bank of Italy's estimates in its Economic Bulletin 1/2024, global economy weakened further at the end of 2023. In the United States, some signs of an economic slowdown emerged, following the strong expansion in consumption in the third quarter. In China, the protracted real estate crisis is curbing growth, which remains below that of the pre-pandemic period. International trade has been subdued, affected by weak demand for goods and by monetary tightening at global level. After increased volatility in early October, crude oil and natural gas prices have fallen and remained low despite the attacks on shipping in the Red Sea. In autumn, core inflation declined again in the United

States and in the United Kingdom, where the respective central banks kept their interest rates unchanged. The European Central Bank also decided to keep the key interest rates unchanged, based on the assessment that their current levels, if maintained for a sufficiently long period, will make a substantial contribution to the return of inflation to its medium-term target of 2 per cent. Despite the weak economic cycle, the unemployment rate remained stable while the number of persons employed continued to increase. Wage growth gathered pace due mainly to the June adjustment of the wage floors to inflation in the metalworking sector.

Balance of the year 2023

According to ISTAT, the Italian economy grew by 0.9% in 2023, slowing down from 4.0% in 2022. Growth was mainly stimulated by domestic demand net of inventories, with equal contributions from consumption and investment. Net foreign demand made a slightly positive contribution, while the change in inventories was negative.

In the supply of goods and services, value added increased in construction and in many service activities, but decreased in agriculture and in all mining, manufacturing and industrial activities. Growth in productive activity was accompanied by an expansion in labour input and incomes. The ratio of government debt to GDP improved compared to 2022, with the tax burden remaining unchanged. Finally, the reduction in interest expenditure is reflected in an improvement in the primary balance (net borrowing minus interest expenditure) measured in relation to GDP, -3.4% (-4.3% in 2022).

Outlook year 2024

At the end of November, in its opinion on the Draft Budgetary Plan 2024, the European Commission recommended maintaining public investment by continuing to make effective use of both resources from the National Recovery and Resilience Plan (NRRP) and other EU funds. On the other hand, it emphasised that frequent changes to the tax system increase its complexity and lead to greater uncertainty in the economy.

The outlook for 2024 is clouded by the high cost of credit, which could further dampen global demand for investment and durable goods. Other downside risks include disruptions to global value chains, particularly as a result of attacks on shipping in the Red Sea, or increases in energy prices as a result of adverse developments in the Middle East war.

According to estimates by the Bank of Italy, GDP is projected to increase by 0.6 per cent in 2024 (compared with 0.7 per cent in 2023) and by 1.1 per cent in 2025 and 2026. Inflation is expected to remain below 2 per cent on average throughout the three-year period considered by these projections.

Risks to growth are tilted to the downside and stem from the possibility that the sluggish growth in world trade may continue for longer than expected, in connection with the weakness of the Chinese economy and a possible escalation of international political tensions. The latter could affect domestic demand, through a deterioration in the confidence of households and firms, and have repercussions for commodity prices. In addition, the tightening of financing conditions could be more marked and have a stronger impact on investment dynamics.

Energy market trends

The Title Transfer Facility (TTF) price of natural gas used as a reference for European markets rose temporarily after the terrorist attacks in Israel early in October and the concomitant disruption to a gas pipeline in Finland. Stock prices subsequently returned to levels close to those observed in September. Natural gas stockpiles in the European Union were well above their historical average in the fourth quarter, due to modest industrial demand and temperatures above the seasonal average.

For the first three months in 2024, the Regulatory Authority for Energy, Networks and the Environment (ARERA) has announced a drop in electricity tariffs on the regulated market of around 10 per cent on the previous quarter.

The Government confirmed the end of the regulated market for natural gas in December, with users then switching to the free market from January 2024. In addition, the VAT rates on gas consumption in force before the reduction to 5 per cent in the fourth quarter of 2021 were also restored in December.

Summary of the financial statements (figures in Euro)

Key economic data

The Group's reclassified income statement is as follows (in Euro):

	31/12/2023
Net revenue	148,621,818
External costs	(83,543,041)
Added Value	65,078,777
Labour costs	(11,358,493)
Gross Operating Margin	53,720,284
Amortisation, depreciation, write-downs and other provisions	16,993,168
Operating profit/loss	36,727,116
Other revenues	8,188,300
Financial result	(1,962,688)
Profit/loss on ordinary operations	42,952,728
Write-ups and write-downs	0
Profit before tax	42,952,728
Income taxation	9,890,549
Net profit/loss	33,062,179

In order to better describe the Group's profitability situation, a number of profitability ratios are shown in the table below.

	31/12/2023
Net ROE	32.16%
Gross ROE	41.78%
ROI	23.55%
ROS	24.71%
EBITDA/Invested Capital	34.45%
EBITDA Margin	36.15%

Net ROE is the ratio of net profit/loss to net equity after deducting the profit/loss for the year.

Gross ROE is the ratio of profit/loss before taxation to net equity, net of the profit/loss for the year.

ROI is the ratio of the operating profit/loss to the capital invested in operations.

ROS is the ratio of operating profit/loss to net revenues.

EBITDA is a measure of the operating profitability of operations that approximates the Group's ability to generate positive cash flows.

The EBITDA Margin is the ratio of EBITDA for the year as described above to net revenues.

Key Balance Sheet figures

The Group's reclassified balance sheet is as follows (in Euro):

	31/12/2023
Net intangible fixed assets	55,515,638
Net tangible fixed assets	85,285,203
Long-term investments and other financial fixed assets	522,085
Capital assets	141,322,926
Inventories	2,177,491
Trade receivables	61,601,699
Other receivables	8,115,296
Prepayments and accrued income	8,468,729
Short-term assets	80,363,215
Trade payables	41,891,018
Advanced payments received	1,542,126
Tax liabilities and social security	1,710,067
Other debts	10,298,962
Accrued expenses and deferred income	1,344,715
Short-term liabilities	56,786,888
Net working capital	23,576,327
Severance indemnity	503,334
Tax liabilities and social security (beyond the next financial year)	
Other medium- and long-term liabilities	8,466,011
Medium- and long-term liabilities	8,969,345
Net invested capital	155,929,908
Net equity	(135,880,515)
Short-term financial debts	14,800,586
Medium/long-term financial debts	(34,849,979)
Equity and net financial debt	(155,929,908)

The reclassified balance sheet shows the financial strength of the Group (i.e. its ability to maintain financial balance in the medium to long term).

For a better description of the Group's balance sheet situation, the table below shows some balance sheet ratios relating to both (i) the financing methods of medium/long-term loans and (ii) the composition of financing sources.

	31/12/2023
Fixed asset to equity capital margin	(5,442,411)
Equity to non-current asset ratio	0.96
Fixed asset to equity capital and medium-long term debt margin	38,376,913
Equity to non-current asset ratio	1.27

The fixed asset to equity capital margin is calculated as the difference between net equity and fixed assets.

The equity to non-current asset ratio is the ratio of equity to fixed assets.

The fixed asset to equity capital and medium-long term debt margin is calculated as the sum of consolidated liabilities and net equity, net of fixed assets.

The equity plus non-current liabilities to equity ratio is the ratio of the sum of consolidated liabilities and net equity to fixed assets.

Key financial figures

The net financial position as at 31/12/2023 was as follows (in Euro.):

	31/12/2023
Cash at bank and in hand	41,907,441
Other current financial assets (C3)	
Current financial receivables (B3 II within 12 m)	517
Current bank payables (D4 within 12 m)	24,602,005
Other current financial liabilities (D, financial transactions within 12 m)	2,505,367
Current finance lease payables	
Net current financial debt	14,800,586
Owed to banks (D4 over 12 m)	30,316,429
Other non-current financial liabilities (D, financial transactions over 12 m)	4,533,550
Non-current finance lease payables	
Non-current financial debt	(34,849,979)
Net financial position	(20,049,393)

To better describe the financial situation, some Financial Statements ratios are shown in the table below, compared with the same ratios for the Financial Statements of the previous year.

	31/12/2023
Quick ratio	2.11
Current ratio	2.15
Indebtedness	0.46
Average customer deferrals	164

The quick ratio is calculated as the ratio of the sum of cash and cash equivalents and short-term receivables net of inventories to short-term liabilities.

The current ratio is calculated as the ratio of the sum of cash and cash equivalents and short-term receivables including inventories to short-term liabilities.

Indebtedness is calculated as the ratio of financial debt to net equity.

Average customer deferrals are calculated as the ratio of trade receivables to net revenues, averaged over 365 days.

The quick (equal to 2.11) and current (equal to 2.15) ratios show that the value assumed by net working capital is satisfactory in relation to the amount of current liabilities.

The debt ratio is 0.46. In 2023, the parent company City Green Light, signed a facility agreement with a pool of banks based on the Green Loan framework for a total of € 197 million. A portion was drawn down on 31/12/2023, in order to support its growth plan and investments in energy efficiency and the digitalisation of public administrations also through new businesses and extraordinary transactions. In connection with the signing of the facility agreement, the parent company repaid the Green Loan signed in 2020 in advance for a nominal value of € 42 million. The other subsidiaries have no financial debt as at 31 December 2023.

Considering that the Group's main customers are public entities, the average number of days for collection is considered an indicator of the careful management of the customer base, also through the

use of factoring without recourse.

Environment and personnel-related information

Taking into account the social role of the Group as also highlighted in the Management Report document of the National Council of Chartered Accountants and Accounting Experts, it is deemed appropriate to provide the following information regarding the environment and personnel.

Personnel

During the financial year, there were work-related fatalities or serious work-related accidents resulting in serious or very serious injuries to Group personnel entered in the register.

During the financial year, there were no allegations of occupational diseases of employees or former employees and mobbing cases for which one or more Group companies were declared definitively liable.

The Group's total workforce as at 31/12/2023, by category, is shown below:

Personnel	31/12/2023
Executives	10
Managers	15
Clerks	146
Workers	49
Total	220



Environment

During the financial year, there was no environmental damage caused for which one or more Group companies were definitively found guilty, nor were any definitive sanctions or penalties imposed for environmental crimes or damage.

The parent company City Green Light has implemented an Integrated Management System for Quality, Environment, Energy and ESCO, Safety, Anti-corruption and Information Security, Social Responsibility, Diversity & Inclusion (certified in July 2023) and Gender Equality (certified in October 2023) in accordance with UNI EN ISO regulations.

The adoption of third party certified Corporate Management Systems ensures that structured policies and procedures are in place to identify and manage the risks and opportunities associated with each business activity.

During 2023, City Green Light maintained, through audits by the certification body, all existing certifications in line with the latest standards.

Details of the certifications and accreditations that have been obtained are given below:

Certification	Description	Companies certified
UNI 11352:2014	Defines the requirements for companies wishing to operate as Energy Service Companies (ESCO). The standard outlines the requirements for energy efficiency services and the (organisational, diagnostic, design, management, economic and financial) capabilities that the ESCo must have in order to be able to offer these activities to its customers.	City Green Light Lumagest
UNI EN ISO 9001:2015	Defines the requirements for the implementation of a quality management system within an organisation, in order to conduct business processes, improve effectiveness and efficiency in product manufacture and service delivery, and achieve and increase customer satisfaction.	City Green Light Lumagest FBF Impianti
UNI EN ISO 14001:2015	Defines guidelines for creating an environmental management system consisting of policies, processes, plans, practices and records that guide the company's interaction with the environment.	City Green Light Lumagest
UNI CEI EN ISO 50001:2018	Specifies the requirements for creating, starting up, maintaining and improving an energy management system. The objective of such a system is to enable an organisation to pursue, with a systematic approach, the continuous improvement of its energy performance by including energy efficiency as well as energy consumption and use.	City Green Light Lumagest
ISO 45001:2018	'Management Systems for Occupational Health and Safety' is the first international standard to define minimum standards of good practice for the protection of workers worldwide. It establishes a framework for improving safety, reducing occupational hazards and improving the health and well-being of workers.	City Green Light Lumagest FBF Impianti
Implementing Regulation (EU) 2015/2067	Establishes the minimum requirements for the certification of natural persons and undertakings carrying out recovery, installation, repair, maintenance and dismantling activities in relation to truck and trailer refrigeration units, stationary refrigeration and air-conditioning equipment and stationary heat pumps containing fluorinated greenhouse gases, as well as the conditions for mutual recognition of certificates issued in accordance with those requirements.	City Green Light FBF Impianti
Corporate Social Responsibility Management System (SA8000)	Identifies an international certification standard aimed at certifying certain aspects of corporate management relating to corporate social responsibility (respect for human rights, respect for workers' rights, protection against the exploitation of minors, guarantees of safety and health in the workplace).	City Green Light
ISO/IEC 27001:2013	'Information Security Management Systems' contains the requirements for planning, implementing, operating, monitoring, reviewing, maintaining and improving a company's information security management system.	City Green Light

ISO/IEC 37001:2016	Specifies requirements and provides guidance for a management system designed to help organisations prevent, track and address corruption and comply with corruption prevention and anti-corruption laws and voluntary commitments applicable to their business.	City Green Light
ISO 30415:2021	"Human resource management - Diversity and inclusion" an international standard that enables you to implement, assess, maintain and improve a framework aimed at guiding and developing more inclusive and sustainable business practices.	City Green Light
UNI/PdR 125:2022	Specifies the guidelines for the gender equality management system and provides for the adoption of specific KPIs relating to the organisation's gender equality policy.	City Green Light

Investments

During the year, investments were made in the following areas:

- Interventions for the energy efficiency of public lighting for € 25,064,880, mainly for LED equipment, panels and ancillary installation costs, as well as interventions for the re-qualification of equipment;
- Design costs for participation in tenders not yet awarded at the date of preparation of these notes in the amount of € 1,115,997;
- IT hardware and software products in the amount of € 270,049;
- Leasehold improvements in the amount of € 171,047;
- Furniture in the amount of € 111,694;
- SOA certifications and other multi-year expenses in the amount of € 40,378.

Related-party transactions

Transactions between Group companies are based on maximum transparency and market conditions. None of the transactions with related parties can be classified as atypical or unusual, as they are part of the companies' normal business activities.

Disclosure of risks and uncertainties pursuant to Article 2428, paragraph 3, point 6-bis, of Italian Civil Code

Pursuant to art. 2428, paragraph 3, point 6-bis, of the Italian Civil Code and pursuant to art. 40 of Italian Legislative Decree no.127/91, information is provided below on the policies and criteria used to measure, monitor and control the risks to which the Group companies are exposed.

Credit risk

Credit risk is related to the possibility that a commercial party defaults, i.e. the municipality is declared bankrupt. This type of risk is managed by the parent company through specific procedures and appropriate mitigation actions.

The control of this risk is carried out both by the centrally allocated finance function and by project managers on the ground.

With regard to commercial parties, risk mitigation takes place through the preventive assessment of reliability, also through the use of rating databases, the optimisation of the credit reminder and recovery processes, and the use of monitoring and reporting tools aimed at anticipating signs of instability. Lastly, the parent company carries out credit transfers on a large portfolio of customers through factoring transactions without recourse that allow for the substantial transfer of all credit risks.

Interest rate risk

Interest rate risk relates to the uncertainty associated with interest rate trends, changes in which can lead to an increase in net borrowing costs given a certain amount and composition of debt.

The Group does not engage in derivative instruments for speculative purposes. As at 31 December 2023 there are hedging operations related to the "Green Loan" subscribed by City Green Light during the year, while the other companies of the group have no financial liabilities as at 31 December 2023.

Liquidity risk

Liquidity risk concerns the Group's ability to meet its payment commitments on time. To guard against this risk, the parent company ensures that it maintains adequate financial resources, as well as a liquidity buffer sufficient to meet unexpected commitments.

Energy risk

The Group is exposed to energy scenario risk, i.e. the risk of significant, unexpected and/or structural changes in energy commodity prices (electricity).

This risk is strongly mitigated by the use of advance contracting of fuel procurement and by the fact that all public lighting contracts entered into with municipalities by the parent company and its subsidiary Lumagest include annual adjustment parameters.

Risks related to the changing regulatory environment

Group companies operate in highly regulated sectors, both as partners of the public administration and as operators in the free market (e.g. energy management and the sale of energy securities). Among the risk factors should therefore be considered the constant and not always predictable evolution of the legal and regulatory environment of reference.

In view of these risk factors, the parent company has adopted a policy of monitoring and management of regulatory risk in order to mitigate its effects as far as possible through a multi-level control, which includes constant updates on regulatory news and active participation in trade associations.

Risks related to changes in the economic and socio-environmental context

Group companies are naturally sensitive to business cycles and to the general economic conditions in the country in which they operate.

To monitor these issues, the Group maintains an ongoing dialogue activity with local communities.

It should also be noted that the Group pays particular attention to the quality of the services provided, also with a view to continuing its activities in the areas already served and tendering for the same services in new areas. In order to maintain and develop the market positioning of these services and consequently to preserve and expand the Company's business, organisational structures dedicated to the constant monitoring of opportunities and to the effective and efficient management of tenders were strengthened.

There are also control instruments and remote control of technical parameters for monitoring and timely detecting any anomalies.

With regard to occupational safety and environmental risks, reference should be made to the quality certifications obtained by the group, as reported above.

Finally, to cover residual risks, the companies have taken out insurance policies to cover direct and indirect damages that may be incurred.

Forecasted evolution of management

In the public lighting sector, the number of managed lighting points is expected to increase through the acquisition of new contracts in addition to existing ones. This will allow the Group to further consolidate its role as a leading industrial player in the public lighting sector.

The public lighting sector is supported by a commercial offer ranging from complementary and integrated intelligent solutions for building facilities management, up to the installation and management of photovoltaic systems for self-consumption or the creation of Renewable Energy Communities (RECs). Thanks to its knowledge of the territory and its infrastructures, its extensive network of maintainers, and its ability to reconcile financing instruments with the needs of public administrations, the Group is able to provide tailor-made services and advice to its customers.

On 19 March 2024, the parent company acquired Termotecnica Sebina Srl, a company operating in the plant engineering sector, continuing on a path that will further contribute to the growth of the commercial offer and extend the Group's presence throughout Italy.

Finally, it is envisaged that additional figures will be added at the operational level in order to cover the areas of new expansion, as well as some staff in order to increasingly guarantee adequate support for increased production activity.

The problems related to the Russian-Ukrainian conflict, the Hamas-Israeli conflict and the problems related to the supply of energy resources, with the consequent impact on the inflation rate, could affect the economic performance in 2024 and the consequent achievement of the Company's forecasts, due to the risk of a possible slowdown in the awarding phases of new tenders and, more generally, a

reduction in investment as a result of the deterioration in consumer and business confidence. To date, however, it is quite difficult to accurately estimate the economic, equity and financial impact. However, it should be borne in mind that the Group's revenues consist mainly of quarterly fees for the provision of an essential service such as the supply of public lighting, and that they originate from multi-year contracts signed with the Public Administration following a call for tenders. The essential nature of the service offered and the characteristics of the existing contracts should offer a guarantee of maintaining a 2024 turnover that can support the operational management of the group. Lastly, taking into account the current availability of cash and the long-term loan taken out, we do not believe there are any conditions for assuming changes to the Group's economic and financial situation.

We thank you for the trust you have placed in us and invite you to approve the Financial Statements as presented.

Vicenza, 26 March 2024

The Managing Director
Eng. Alessandro Visentin



02

FINANCIAL STATEMENTS TABLES



General information about the company	
Company details	
name	CITY GREEN LIGHT S.R.L.
registered office	VIA ZAMPIERI 15, 36100 VICENZA (VI), ITALY
share capital	
share capital fully paid-up	yes
CCIAA (chamber of commerce) code	VI
VAT number	03785880240
tax number	03785880240
Economic Administrative Index (EAR) no.	353810
legal form	SOCIETÀ A RESPONSABILITÀ LIMITATA (SR)
main business sector (ATECO)	INSTALLATION OF ELECTRICAL SYSTEMS IN BUILDINGS OR OTHER CONSTRUCTION WORKS (INCLUDING MAINTENANCE AND REPAIR)(432101)
company in liquidation	no
single-member company	no
company subject to management and coordination by another party	no
part of a group	yes

Balance Sheet (31.12.2023)	
Assets	
A) Called up capital stock not paid	
Portion to be called up	40,000
Total called up capital stock not paid (A)	40,000
B) Fixed Assets	
I - Intangible fixed assets	
1) start-up and expansion costs	1,756
2) development costs	24,845
3) patents & copyrights	107,654
4) concessions, licences, trademarks and similar rights	44,245,455
5) goodwill	8,349,500
6) payments on account and assets in course of construction	1,892,000
7) others	894,428
Total intangible fixed assets	55,515,638
II - Tangible fixed assets	
1) land and buildings	208,574
2) plant and machinery	2,307
3) industrial and commercial equipment	14,865
4) others	71,518,945
5) payments on account and assets in course of construction	13,540,512
Total tangible fixed assets	85,285,203
III - Financial fixed assets	
1) investments in	
b) affiliated companies	180,000
d-bis) other companies	1,626
Total investments	181,626

2) receivables	
d-bis) from other companies	
due within the next financial year	517
Total receivables from others	517
Total receivables	517
Total financial fixed assets	182,143
Total fixed assets (B)	140,982,984
C) Current assets	
I - Inventories	
1) raw materials, consumables and supplies	466,269
3) contract work in progress	1,711,222
Total inventories	2,177,491
II - Short-term receivables	
1) trade receivables	
due within the next financial year	61,601,699
due beyond the next financial year	300,459
Total trade receivables	61,902,158
5-bis) tax receivables	
due within the next financial year	6,780,077
Total tax receivables	6,780,077
5-ter) Deferred tax assets	1,174,241
5-quater) from others	
due within the next financial year	160,978
due beyond the next financial year	
Total receivables from others	160,978
Total receivables	70,017,454
IV - Cash at bank and in hand	
1) checking accounts and post-office deposits	41,906,127
2) checks	1,280
3) cash-in-hand and cash equivalents	34
Total cash at bank and in hand	41,907,441
Total current assets (C)	114,102,386
D) Deferrals and accruals	8,468,729
Total assets	263,594,099
Liabilities	
A) Group net equity	
I - Capital	50,000,000
II - Additional paid-in capital	3,297,706
IV - Legal reserve	10,000,000
VI - Other reserves, specifically indicated	
Extraordinary reserve	19,549,687
Total other reserves	19,549,687
VII - Reserve for expected cash flow hedging transactions	(103,152)
VIII - Retained earnings (accumulated loss)	19,994,095
IX - Profit (loss) for the year	33,062,179
Group total net equity	135,800,515
Minority interests	
Capital and reserves attributable to minority interests	80,000

Total equity attributable to minority interests	80,000
Total consolidated net equity	135,880,515
B) Provisions for liabilities and charges	
2) taxes, including deferred taxes	7,382,327
3) derivatives payable	135,726
4) others	150,000
Total provisions for liabilities and charges	7,668,053
C) Severance indemnity reserve	503,334
D) Payables	
4) owed to banks	
due within the next financial year	24,602,005
due beyond the next financial year	30,316,429
Total owed to banks	54,918,434
5) other financial debt	
due within the next financial year	2,505,367
due beyond the next financial year	4,533,550
Total other financial debt	7,038,917
6) advanced payments received	
due within the next financial year	1,542,126
Total advanced payments received	1,542,126
7) trade payables	
due within the next financial year	41,891,018
Total trade payables	41,891,018
10) payables to affiliated companies	
due within the next financial year	1,160,652
Total payables to affiliated companies	1,160,652
12) tax liabilities	
due within the next financial year	744,164
Total tax liabilities	744,164
13) payables to social security institutions	
due within the next financial year	965,903
Total payables to social security institutions	965,903
14) other liabilities	
due within the next financial year	9,138,310
due beyond the next financial year	797,958
Total other liabilities	9,936,268
Total payables	118,197,482
E) Deferrals and accruals	1,344,715
Total liabilities	263,594,099

Income Statement (31.12.2023)	
A) Production value	
1) revenues from sales and services	145,895,977
3) changes in contract work in progress	708,926
5) other operating income	
others	10,205,215
Total other operating income	10,205,215
Total production value	156,810,118
B) Production costs	
6) raw materials, consumables and goods for resale	46,527,468
7) services	35,106,452
8) rental and leases	1,356,601
9) Personnel expenses	
a) wages and salaries	8,446,122
b) social security costs	2,380,293
c) to severance indemnity reserve	522,252
e) others	9,826
Total personnel expenses	11,358,493
10) depreciation and other amounts written-down	
a) from intangible fixed assets	5,126,872
b) from tangible fixed assets	11,711,628
d) write-downs of current assets	154,668
Total depreciation and other amounts written-down	16,993,168
11) changes in inventories of raw materials, consumables and goods for resale	(15,022)
14) other operating expenses	567,542
Total production costs	111,894,702
Difference between production value and production cost (A - B)	44,915,416
C) Financial income and expenses	
16) other financial income	
d) from other financial income	
others	3,091,089
Total from other financial income	3,091,089
Total other financial income	3,091,089
17) interests and other financial expenses	
others	5,053,777
Total interests and other financial expenses	5,053,777
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(1,962,688)
D) Value adjustments on financial assets and liabilities	
19) Write-downs of	
Profit/loss before income taxation (A - B + - C + - D)	42,952,728
20) Current, deferred and prepaid income taxes	
current taxes	9,995,800
taxes relating to previous years	24,376
deferred and prepaid taxes	(129,627)
Total income taxation (current, deferred and prepaid taxes)	9,890,549
21) Consolidated profit (loss) for the year	33,062,179
Group share of the result	33,062,179

Cash flow statement, indirect method (31.12.2023)	
A) Cash flow from operating activities (indirect method)	
Profit (loss) for the year	33,062,179
Income taxation	9,890,549
Interest expense/(income)	1,962,687
(Gains)/Losses on disposal of assets	60,385
1) Profit (loss) for the year before income taxes, interests, dividends and capital gains/losses on disposal	44,975,800
Adjustments for non-monetary items not reflected in net working capital	
Provisions to funds	503,334
Depreciation of fixed assets	16,838,500
Other adjustments up/(down) for non-monetary items	648,066
Total adjustments for non-monetary items not reflected in net working capital	17,989,900
2) Cash flow before changes in net working capital	62,965,700
Changes in net working capital	
Decrease/(Increase) in inventories	(902,021)
Decrease/(Increase) in trade receivables	(7,391,385)
Increase/(Decrease) in trade payables	13,964,110
Decrease/(Increase) in prepayments and accrued income	(5,095,302)
Increase/(Decrease) in accrued expenses and deferred income	520,996
Other decreases/(Other increases) in net working capital	13,073,645
Total changes in net working capital	14,170,043
3) Cash flow after changes in net working capital	77,135,743
Other adjustments	
Interest received/(paid)	(1,962,687)
(Income taxes paid)	(15,655,789)
(Use of funds)	(696,149)
Total other adjustments	(18,314,625)
Cash flow from operating activities (A)	58,821,118
B) Cash flows from investing activities	
Tangible fixed assets	
(Investments)	(25,287,224)
Disinvestments	34,841
Intangible fixed assets	
(Investments)	(1,487,584)
Disinvestments	709,708
Financial fixed assets	
(Investments)	(2,143)
Disinvestments	4,318
Short-term financial assets	
Disinvestments	33,158
(Acquisition of subsidiaries net of cash at bank and in hand)	(29,177,417)
Cash flow from investing activities (B)	(55,172,343)
C) Cash flows from financing activities	
Third-party means	
New financing	54,918,435
(Repayment of loans)	(42,971,640)
Own means	

(Dividends and interim dividends paid)	(7,000,000)
Cash flow from financing activities (C)	4,946,795
Increase (decrease) in cash at bank and in hand (A ± B ± C)	8,595,570
Cash at bank and in hand at the beginning of the year	
Checking accounts and post-office deposits	33,311,869
Total cash at bank and in hand at beginning of year	33,311,869
Cash at bank and in hand at year-end	
Checking accounts and post-office deposits	41,906,127
Checks	1,280
Cash-in-hand and cash equivalents	34
Total cash at bank and in hand at year-end	41,907,441

A nighttime photograph of a European street scene. In the background is a multi-story building with light-colored stone or plaster walls and dark shutters on the windows. Three windows on the upper floor are brightly lit from within, and each has a colorful mural of a classical figure. In the foreground, a cafe named 'PETER PAN' has an outdoor seating area with tables, chairs, and large patio umbrellas. Some people are visible sitting at the tables. The scene is framed by trees with autumn-colored leaves on the left and right. Overlaid on the top half of the image are several yellow circles of varying sizes, some with dashed lines extending from them, resembling a technical or architectural drawing.

03

NOTES
TO THE
CONSOLIDATED
FINANCIAL STATEMENTS

CITY GREEN LIGHT S.R.L.

Registered office in VIA ZAMPIERI, 15 - 36100 VICENZA (VI) Registered Capital Euro 50,000,000.00 fully paid up

Notes to the consolidated financial statements as at 31/12/2023**Notes, initial part**

Dear Shareholders,

These financial statements are the first consolidated financial statements of the City Green Light Group.

All additional information considered necessary to give a true and fair view of the consolidated financial position and results of operations of the Group, comprising the parent company, City Green Light Srl, and its subsidiaries, is provided below.

Activities performed and significant events that occurred during the fiscal year concerning the Group

The Group operates in the promotion of energy efficiency tools through the nationwide integrated management of public lighting services, facilities management of buildings and smart solutions for sustainable development as well as in the production and sale of energy through solar and photovoltaic panels, cogeneration and wind power plants, and in the provision of integrated energy services.

During the financial year 2023, the parent company City Green Light (hereinafter also "CGL") carried out three extraordinary transactions. These involved the acquisition of two companies operating in the fields of plant engineering and energy production and, through a newly created company, the acquisition of a business unit consisting of an organised set of assets and legal relationships dedicated to the management of public lighting concessions.

On 3 August 2023, CGL signed a facility agreement with a pool of five lenders for a total of € 197 million to support its growth plan and investments in energy efficiency and the digitalisation of public administrations, also through new business and extraordinary transactions. The credit lines fall within the objectives of the Green New Deal, thanks to their positive impact in terms of climate change mitigation, and are partially counter-guaranteed by SACE as part of the public support for the development of productive activities benefiting from the counter-guarantee of the Italian State, within the scope of application of Legislative Decree 123 of 31 March 1998, "Provisions for the rationalisation of public support measures for businesses, pursuant to article 4, paragraph 4, letter c) of Law no. 59 of 15 March 1997". In accordance with the above-mentioned agreement, part of the credit line was used by the parent company on 30 August 2023 for the early repayment of the Green Loan financing previously subscribed on 14 February 2020 for a nominal value of € 42 million.

In the course of the year, the problems related to the price of energy sources and the consequent sharp rise in the inflation rate in Italy and in all European countries resurfaced as a result of the Russian-Ukrainian conflict, which broke out across Europe in February 2022 and continued in 2023.



Budgeting criteria

The consolidated financial statements, comprising the balance sheet, income statement and notes, have been prepared in accordance with the provisions of art. 29 of Italian Legislative Decree 127/91, as described in these notes, which have been prepared in accordance with art. 38 of the same decree. Where necessary, the accounting standards set out by the National Council of Chartered Accountants and Accounting Experts have been applied and, where these were not available, the accounting standards recommended by the IASB and referred to by Consob have been used.

In addition to the attachments required by law, reconciliations are presented between the net profit/loss and net equity of the 'consolidating entity' and the corresponding amounts in the consolidated financial statements.

These notes provide the data and information required by article 38 of the same decree.

Scope and method of consolidation

The consolidated financial statements include the financial statements of the following companies as at 31/12/2023:

- City Green Light Srl, the parent company;
- Lumagest Srl, which is a wholly-owned subsidiary of the parent company and is active in the integrated management of public lighting and related energy efficiency measures;
- FBF Impianti Srl, based in Santa Maria di Sala (VE), is a wholly-owned subsidiary of the parent company and provides installation and maintenance for heating, plumbing and electrical systems;
- Efferre Energia Srl, based in Parma, is a wholly-owned subsidiary of the parent company and active in the production and sale of energy through solar and photovoltaic panels, cogeneration and wind power plants, and in the provision of integrated energy services.
- Palermo In Luce Scarl, is a company controlled by the parent company (60% stake) with the objective of providing technological solutions to reduce the energy consumption of public lighting networks in the areas upstream and surrounding the Palermo ring road.

Affiliated companies, over which the parent company exercises significant influence, either directly or indirectly, are measured according to the equity method. Companies in which the shareholding is less than 20% and which represent fixed assets are measured using the cost method.

The financial statements of the subsidiaries, as approved by their respective administrative bodies, have been used for consolidation purposes and have been reclassified and adjusted, to conform to the accounting policies and presentation criteria adopted by the Group.

Consolidation criteria

The book value of investments in consolidated companies is set off against the corresponding amount of equity. The differences resulting from the elimination are allocated to the individual items justifying them and, if positive, the remainder will be included in an asset item called "goodwill", unless all or part of it has to be charged to the income statement under item B14. The amount entered as an asset is depreciated/amortised over the period provided for in the first paragraph, no. 6, of Article 2426. If the amount is negative, the difference shall, as far as possible, be recorded as a reduction of assets carried at more than their recoverable amount and of liabilities carried at less than their discharge value. If the remaining difference is negative, it is included in the net equity item "Consolidation reserve" or in a specific "Consolidation reserve for future risks and charges", in accordance with the criterion of art. 33 paragraph 3 of Italian Legislative Decree 127/91.

The provision is utilised in subsequent financial years in a manner that reflects the assumptions made in its estimation at the time of purchase.

Net equity attributable to minority interests is included in the corresponding balance sheet item. Minority interests in the result for the period are shown separately in the income statement.

All intercompany balances and transactions between the companies included in the consolidation area have been eliminated.

Gains and losses resulting from transactions between consolidated companies, which are not realised through transactions with third parties, are eliminated.

During consolidation, the related deferred tax liabilities were set aside.

Accounting principles

The criteria used to prepare the consolidated financial statements for the year ended 31/12/2023 are those used in the financial statements of the controlling company that prepares the consolidated financial statements.

Items have been assessed based on general criteria of prudence and accrual and with a view to business continuity.

Items have been recognised and presented taking into account the substance of the transaction or contract.

In particular, the following valuation criteria have been applied in the preparation of the financial statements.

Fixed assets

Intangible assets

They are recorded at historical acquisition cost and shown net of depreciation charged directly to the individual items during the years.

Start-up and expansion costs and development costs with long-term utility have been capitalised with the consent of the Board of Statutory Auditors. Start-up and expansion costs are amortised over a period not exceeding five years. Development costs are systematically amortised according to their useful life: in exceptional cases where their useful life cannot be reliably estimated, they are amortised over a period not exceeding five years.

Patents and copyrights, licences, concessions and trademarks are amortised at an annual rate of 33.3%. Licences, concessions and trademarks represent the value of the contracts that give the Company the right to receive future economic benefits related to the public lighting service and permit the use of the compendium of assets used to perform the contractually agreed service. These values are amortised at rates depending on the duration of the contracts.

Leasehold improvements are depreciated at rates depending on the duration of the contract.

If, regardless of the depreciation already accounted for, an impairment loss results, the fixed asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation.

Goodwill is amortised over 10 years, as its useful life could not be reliably estimated.

The Group companies have decided not to make use of the possibility of suspending depreciation for the financial year 2023, as provided for by art. 60, paragraphs 7-bis to 7-quinquies of Italian Decree-Law 104/2020 (converted by L. 126/2020), as amended by L. 14/2023, which converted Decree-Law 198 of 29 December 2022, which further extended this option to the current financial year ending 31 December 2023, taking into account the business carried out during the financial year.

Materials

Tangible fixed assets are recognised at acquisition cost, including directly attributable ancillary costs, in accordance with article 2426 paragraph 1 of the Italian Civil Code, adjusted for depreciation.

The depreciation rates, charged to the income statement, have been calculated considering the use, destination and economic-technical life of the assets, based on the criterion of the residual possibility of utilisation, a criterion that we considered to be well represented by the following rates, reduced to half in the year the asset came into use:

Type of asset	% Depreciation
Plant and machinery	12.50%
Equipment	35.00%
Furniture and furnishings	12.00%
Electronic machines	20.00%
Vehicles	20.00%

If, regardless of the depreciation already accounted for, an impairment loss results, the fixed asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for depreciation.

Among the "other tangible assets" are assets, including ancillary charges, installed at customers' premises but whose risk and economic benefit remain with the company for the duration of the contract, at the end of which the same assets will become the property of the customer. These assets are depreciated over the shorter of the remaining life of the asset and the term of the contract.

Fixed assets acquired free of charge are stated at their presumed market value plus costs incurred or to be incurred to permanently and usefully integrate the assets into the production process.

The Group companies have decided not to make use of the possibility of suspending depreciation for the financial year 2023, as provided for by art. 60, paragraphs 7-bis to 7-quinquies of Italian Decree-Law 104/2020 (converted by L. 126/2020), as amended by L. 14/2023, which converted Decree-Law 198 of 29 December 2022, which further extended this option to the current financial year ending 31 December 2023, taking into account the business carried out during the financial year.

Leasing transactions

There are no leasing transactions.

Receivables

Receivables are recognised according to the amortised cost criterion, taking into account the time factor and estimated realisable value.

In the initial recognition of receivables using the amortised cost method, the time factor is respected by comparing the effective interest rate with market interest rates. If the effective interest rate is significantly different from the market interest rate, the latter is used to discount the future cash flows from the loan in order to determine its initial recognition value.

The amortised cost criterion has not been applied as the effects are irrelevant for the purpose of giving a true and fair view.

The nominal value of receivables is adjusted to their estimated realisable value by means of a specific provision for bad debts, taking into account the existence of indicators of a lasting loss.

Receivables are derecognised when the contractual rights to the cash flows from the receivable are extinguished or when all risks inherent in the receivable being sold have been transferred.

Payables

They are recognised according to the amortised cost criterion, taking into account the time factor.

In the initial recognition of payables using the amortised cost method, the time factor is respected by comparing the effective interest rate with market interest rates.

At year-end, the value of payables measured at amortised cost is equal to the present value of future cash flows discounted at the effective interest rate.

Payables with a maturity of less than 12 months have not been discounted as the effects are insignificant compared to the undiscounted value.

Deferrals and accruals

They have been determined according to the criterion of actual accrual for the year.

For those with a multi-year duration, the conditions that determined their original recognition have been verified, adopting the appropriate changes where necessary.

Inventories

Raw materials, auxiliaries and finished goods are recorded at the lower of purchase or production cost and realisable value based on market trends, applying the weighted average cost method.

The cost of production includes direct costs and indirect costs incurred during the course of production and necessary to bring the inventories to their present condition and location.

Contract work in progress is accounted for using the percentage of completion or stage of progress method: at the end of each financial year, inventories of contract work in progress are measured at the amount of revenue accrued, determined by reference to the stage of completion of the works.

The cost to cost method is used to determine the stage of completion of the works. This method is used for contract work in progress with a duration of more than one year (i.e. with a contract period of more than twelve months) and where the requirements of the Italian accounting standard OIC 23 are met.

The value thus obtained is then adjusted by the appropriate 'inventory obsolescence provision' to take into account goods for which the realisation value is expected to be lower than cost.

For inventories previously written down, for which the reasons that made it necessary to write them

down to realisable value no longer exist, the original cost has been reinstated.

Investments

Investments in affiliated companies that are intended to be held for the long term are measured using the equity method. Pursuant to art. 36 of Italian Legislative Decree 127/91, the positive difference between the value calculated using the equity method and the value recognised in the previous financial statements, deriving from profits, is recorded in a specific item in the income statement.

Other investments are stated at purchase or subscription cost, adjusted for impairment losses, where appropriate.

Derivatives

Derivative financial instruments are recorded at fair value corresponding to market value, if any, or the value resulting from valuation models and techniques that ensure a reasonable approximation to market value.

Instruments for which these methods could not be used are valued on the basis of the purchase price. Derivative financial instruments with a positive fair value are entered on the assets side of the balance sheet, under the specific financial fixed assets or current assets, depending on their intended use. Derivative financial instruments with a negative fair value have been recognised in the balance sheet under Provisions for liabilities and charges.

Cash flow hedge derivatives have a balancing entry in a net equity reserve, or, for the ineffective part, in the income statement.

Changes in the fair value of speculative and price-hedging derivatives of an underlying asset (so-called fair value hedges) are recognised in the income statement.

Derivative financial instruments have been measured as hedges because their fair value or associated cash flow is expected to offset changes in the fair value or cash flow of the hedged item.

For the valuation of simple hedging transactions, the simplified method has been adopted as hedging transactions involve derivative financial instruments with characteristics that correspond or are closely aligned with those of the hedged item and the derivative financial instrument is entered into at market conditions.

Provisions for liabilities and charges

They are set aside to cover losses or debts whose existence is certain or probable, but whose amount or date of occurrence could not be determined at the end of the financial year.

The general criteria of prudence and accrual have been observed in the valuation of these provisions, and no generic risk provisions without economic justification have been established.

Contingent liabilities have been recognised and entered in the provisions as considered probable and since the amount of the related charge can be reasonably estimated.

Severance indemnity reserve

This is the actual debt accrued towards employees in accordance with the law and applicable employment contracts, taking into account any form of remuneration of an ongoing nature.

The provision corresponds to the total of the individual indemnities accrued up to 31 December 2006 in favour of employees at the accounting date, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date.

The fund does not include benefits accrued as from 1 January 2007, destined for supplementary pension schemes pursuant to Italian Legislative Decree no. 252 of 5 December 2005 (i.e. transferred to the

INPS treasury).

Income taxation

Taxes are accrued on an accrual basis; they therefore represent:

- provisions for taxes paid or payable for the year, determined according to the rates and regulations in force;
- the amount of taxes deferred or paid in advance in connection with temporary differences arising or reversed during the year.

Deferred and prepaid taxes are calculated on the temporary differences between the values of assets and liabilities determined in accordance with the statutory financial reporting requirements and the corresponding tax values.

Revenue recognition

Revenues from the sale of products and goods or from the provision of services are shown net of returns, discounts, allowances and bonuses, as well as taxes directly connected with the sale of products and the provision of services in accordance with art. 2425-bis, paragraph 1, of the Italian Civil Code.

Revenue from sales of products is recognised at the time of the transfer of risks and benefits, which is normally identified with the delivery or shipment of the goods.

Revenues of a financial nature and revenues from services are recognised on an accrual basis.

Revenues and income, costs and expenses related to foreign currency transactions have been determined at the exchange rate prevailing on the date on which the transaction occurred.

Income and expenses related to forward sale and purchase transactions, including the difference between the forward price and the spot price, have been recognised for the portion attributable to the year.

Commitments, guarantees and contingent liabilities

Commitments, which do not appear in the balance sheet, represent obligations assumed by the Company towards third parties and deriving from legal transactions with certain mandatory effects but not yet performed by either party. They include both commitments whose performance and amount are certain (e.g. forward purchase and sale) and commitments whose performance is certain but amount is not (e.g. contract with price revision clause). The amount of the commitments is the nominal value that can be deduced from the relevant documentation.

The guarantees given by the Company include both personal guarantees and collateral. The nature of the collateral provided relates to provisional sureties issued in favour of public entities for participation in tenders and definitive sureties to guarantee the proper performance of contracts acquired through public tenders.

In the case of a surety provided by the Company together with other guarantors (co-guarantee), the full amount of the guarantee provided is disclosed or, if lower, the total amount of the guaranteed debt at the reporting date.

Employment data

The Group's total workforce as at 31/12/2023, by category, is shown below:

Personnel	31/12/2023
Executives	10
Managers	15
Clerks	146
Workers	49

Total	220
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Intangible fixed assets

Intangible fixed assets amounted to € 55,515,638 as at 31 December 2023 after amortisation of € 5,126,872.

The breakdown of this item is as follows.

Description	Opening / acquisition balance	Increases	Reclassifications	Decreases	Depreciation/amort.	Consolidation entries	31/12/2023
Start-up and expansion	9,532	0	0	0	(7,776)	0	1,756
Development	49,690	0	0	0	(24,845)	0	24,845
Patents and copyrights	20,137	160,161	0	(2,286)	(70,358)	0	107,654
Concessions, licences, trademarks	47,861,127	25,230	0	(37,642)	(4,253,742)	650,482	44,245,455
Goodwill	3,502,931	0	0	0	(646,101)	5,492,670	8,349,500
Payments on account and assets in course of construction	1,651,885	1,071,926	(162,031)	(669,780)	0	0	1,892,000
Other	626,180	230,267	162,031	0	(124,050)	0	894,428
Total	53,721,482	1,487,584	0	(709,708)	(5,126,872)	6,143,152	55,515,638

Start-up and expansion costs with long-term useful life refer to Efferre Energia Srl.

Development costs are attributable to the parent company City Green Light and are recognised with the approval of the Board of Statutory Auditors. They are costs that can be reasonably allocated over a number of years and relate to the realisation of new products and processes.

Costs for patents and copyrights include capitalised expenditure for software acquired under ownership and under licence for an indefinite period. Investments made during the year relating to IT projects totalled € 160,161 and relate to the parent company City Green Light, while the decrease of € 2,286 is due to the disposal of a software product by the subsidiary FBF Impianti.

The Concessions item shows an increase of € 25,230 related to the cost of renewing the SOA certifications of City Green Light. The book value at the beginning of the period is the net value allocated to the contracts with the municipalities where City Green Light and Lumagest have multi-year concessions for the public lighting service; these values were allocated following the transfer operations that took place in 2017 and 2023 respectively. The decrease recorded in the period relates to the disposal of the value of the contract with the Municipality of Chiaramonte Gulfi for € 37,642, following the early termination of the contract decided by the Municipality. On consolidation, the higher value of the equity investment compared to the net equity at acquisition of the subsidiary FBF Impianti was allocated to the SOA certifications held by the company. These certifications are a key reference for the Group in the development of its strategic plan. After depreciation and amortisation for the year in the amount of € 4,523,742, the final balance of the item amounts to € 44,245,455.

The book value of Goodwill at the beginning of the period corresponds to the net residual value allocated at the time of the transfer of the public lighting division to Lumagest Srl. At the time of consolidation, the higher value of the equity investment compared to the net equity of the acquired subsidiaries Lumagest, Efferre Energia and FBF Impianti was allocated to goodwill and amortised over 10 years.

After depreciation and amortisation for the year in the amount of € 646,101, the final balance of the item amounts to € 8,349,500.

The item Payments on accounts and assets in course of construction shows a net positive change of € 240,115 as a result of the opposing effect of the following items:

- the increase of € 1,071,926, mainly related to design expenses for participation in tenders not yet awarded at the date of preparation of these Notes to the Financial Statements and as such awaiting capitalisation upon successful award;
- a decrease of € 162,031, due to the inclusion of the expenses in the financial year for participating in tenders awarded in 2023;
- the decrease of € 669,780 related to costs following the awarding of the relevant tenders to another entity.

Other intangible assets amounted to € 894,428, after depreciation of € 124,050. The increases recorded during the year, amounting to € 230,267, relate to expenses for participation in tenders awarded during the year (€ 44,071) and leasehold improvements (€ 171,047) and other multi-year expenses (€ 15,148).

The Group companies have decided not to make use of the possibility of suspending depreciation for the financial year 2023, as provided for by art. 60, paragraphs 7-bis to 7-quinquies of Italian Decree-Law 104/2020 (converted by L. 126/2020), as amended by L. 14/2023, which converted Decree-Law 198 of 29 December 2022, which further extended this option to the current financial year ending 31 December 2023, taking into account the activities carried out during the financial year.

Tangible fixed assets

Tangible fixed assets amounted to € 85,285,203 as at 31 December 2023 after depreciation of € 11,711,627.

The breakdown of this item is as follows.

Description	Opening / acquisition balance	Increases	Reclassifications	Decreases	Other changes	Depreciation/amort.	31/12/2023
Land and buildings	208,574	0	0	0	0	0	208,574
Plant and machinery	2,966	0	0	0	0	(659)	2,307
Industrial and commercial equipment	27,776	0	0	0	0	(12,911)	14,865
Other assets	60,884,347	222,344	22,145,152	(34,841)	0	(11,698,057)	71,518,945
Payments on account and assets in course of construction	11,117,856	25,064,880	(22,145,152)	0	(497,072)	0	13,540,512
Total	72,241,519	25,287,224	0	(34,841)	(497,072)	(11,711,627)	85,285,203

Land and buildings, which amounted to € 208,574 at 31/12/2023, includes the land and buildings owned by FBF Impianti and the land owned by Efferre Energia, which will be used for the photovoltaic park that is to be built.

Plant and machinery, which includes lighting instruments and lift trucks, shows a balance of € 2,307 at 31 December 2023, after depreciation of € 659.

Industrial and commercial equipment includes equipment to support the plant engineering activities of FBF Impianti. After depreciation and amortisation for the year in the amount of € 12,911, the final balance of the item amounts to € 14,865.

The item Other tangible fixed assets includes investments for energy efficiency in the amount of €

70,664,905, depreciated during the year in the amount of € 11,471,835; electronic machines and computers in the amount of € 281,087, depreciated during the year in the amount of € 92,068; furniture and fixtures in the amount of € 259,593, depreciated during the year in the amount of € 34,983; and motor vehicles in the amount of € 313,361, depreciated during the year in the amount of € 99,171.

The investments made during the year relate to:

- electronic machines and computers for € 109,888;
- furniture in the amount of € 111,694;
- motor vehicles in the amount of € 762;
- costs related to the energy efficiency of public lighting amounting to € 22,145,152. These investments mainly refer to LED lamps, installed in municipalities with which the Company has a works and services contract.

These assets, including ancillary charges, are recognised as tangible fixed assets as the risks and benefits of the same remain with the Company until the end of the contract.

The decrease recorded during the period is related to the sale of a vehicle to FBF Impianti for an amount of € 10,083 and to the decision of the Municipality of Chiaramonte Gulfi to early terminate the existing contract for an amount of € 24,758, as previously mentioned.

Payments on account and assets in course construction, amounting to € 13,540,512, relate to investments in energy efficiency in municipalities that had not been installed in public lighting systems as at the closing date of the financial year.

This item changed as follows during the year:

- The increase of € 25,064,880 mainly concerns works on public lighting systems in municipalities that have recently entered into agreements through Consip Servizio Luce 4 contracts;
- The decrease of € 22,145,152, as a result of the inclusion of the expenses in the financial year in relation to the completion of energy efficiency works;
- The decrease of € 497,072, related to the costs of preliminary energy efficiency improvement interventions that are considered operational.

The Group companies have decided not to make use of the possibility of suspending depreciation for the financial year 2023, as provided for by art. 60, paragraphs 7-bis to 7-quinquies of Italian Decree-Law 104/2020 (converted by L. 126/2020), as amended by L. 14/2023, which converted Decree-Law 198 of 29 December 2022, which further extended this option to the current financial year ending 31 December 2023, taking into account the activities carried out during the financial year.

Financial fixed assets: equity investments

Investments recorded as fixed assets represent a lasting and strategic investment for the Group.

Investments in affiliated companies as at 31 December 2023 amounted to € 180,000. The value refers entirely to the quotas held in the company Covedi Scarl.

Below is a summary of the key Financial Statements data of affiliated companies as at 31 December 2023:

Name	City (if in Italy) or foreign country	Tax number (for Italian companies)	Capital in Euro	Profit (Loss) for the last financial year in Euro	Net equity in Euro	Share or quota held in Euro	Share or quota held in %	Book value or corresponding credit
Covedi Scarl	Venice (VE)	7627770964	1,000,000	0	180,000	180,000	18%	180,000

Investments in other companies included in financial fixed assets, represent shares in consortia and cooperatives held by FBF Impianti.

Financial fixed assets: receivables

The breakdown of this item is as follows.

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
From others		517			517
Total		517			517

Receivables from others includes € 517 for security deposit credits recorded by FBF Impianti.

Inventories

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
Raw materials, consumables and supplies		466,269			466,269
Contract work in progress		1,711,222			1,711,222
Total		2,177,491			2,177,491

Inventories of raw materials, consumables and goods for resale refer to stocks of materials to be used in the production cycle. This item includes inventories of materials used in the maintenance and management of systems, such as lamps, cables, electrical panels and accessories, measured using the weighted average cost method.

Contract work in progress as at 31 December 2023 amounted to € 1,711,222

Receivables

Consolidated receivables, after the elimination of intercompany balances, are classified according to maturities as follows.

Description	Within the next financial year	Beyond the next financial year	Over 5 years	Total	Of which transactions with repurchase obligation
Trade receivables	61,601,699	300,459		61,902,158	
For tax receivables	6,780,077			6,780,077	
For deferred tax assets	1,174,241			1,174,241	
From others	160,978			160,978	
	69,716,995	300,459		70,017,454	

Trade receivables amount to € 61,902,158. The balance of trade receivables is expressed net of the allowance for doubtful accounts of € 3,862,325.

Tax receivables include VAT credits of € 6,328,244, IRES (Corporate Income Tax) and IRAP (Regional Income Tax) receivables of € 451,396 and other tax receivables of € 437.

Deferred tax assets amounted to € 1,174,241 and refer to deductible temporary differences for which recovery is deemed probable as future plans provide for sufficient IRES (Corporate Income Tax) /IRAP (Regional Income Tax) taxable income to absorb the temporary differences that will reverse.

For further details and information, please refer to the relevant paragraph in the last part of these Notes to the Financial Statements.

Receivables from others amounted to € 160,978 and are mainly related to rental deposits.

Group companies have opted not to use the amortised cost criterion and/or not to discount receivables with a maturity of less than 12 months and where transaction costs, commissions and any other

differences between the initial value and the maturity value are insignificant. Receivables are therefore valued at their estimated realisable value.

Cash at bank and in hand

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
Checking accounts and post-office deposits		41,906,127			41,906,127
Checks		1,280			1,280
Cash-in-hand and cash equivalents		34			34
Total		41,907,441			41,907,441

The balance represents cash at bank and in hand at the end of the financial year

Prepayments and accrued income

They represent the connecting items of the financial year counted on an accrual basis. In fact, they consider income and expenses whose accrual is advanced or deferred with respect to the cash and/or documentary event; they are irrespective of the date of payment or collection of the related income and expenses, common to two or more financial years and allocable on a time basis.

The breakdown of this item is as follows.

Description	Amount
Prepayments on invoices payable	4,412,798
Prepaid expenses on insurance	101,749
Prepaid expenses on sureties and consultancy	3,892,108



Others of immaterial amount	62,074
Total	8,468,729

Net equity

Reconciliation statement between the net profit/loss and net equity of the 'consolidating entity' and the corresponding amounts in the consolidated financial statements

The reconciliation of the Group's consolidated net equity and the Group's consolidated profit/loss for the year ended 31/12/2023 to those of the parent company is as follows:

	Net equity	Profit/loss
Net equity and profit/loss for the year as reported in the parent company's financial statements	136,366,981	33,628,645
a) difference between the book value and amount of equity held	(5,961,667)	
b) pro-quota results contributed by investees	76,600	76,600
c) positive/negative amounts assigned at the date of acquisition of the investees	5,282,304	(679,363)
Elimination of the effects of transactions between consolidated companies	36,297	36,297
Net equity and operating result for the group	135,800,515	33,062,179
Net equity and operating result attributable to minority interests	80,000	
Consolidated equity and net profit/loss	135,800,515	33,062,179

The statement of changes in the Group's consolidated net equity

	Capital	Reserves	Consolidation reserve	Translation differences	Profit/Loss Carried forward	Negative reserve for treasury shares in portfolio	Profit/Loss for the year	Group total
Closing balance as at 31/12/2023	50,000,000	32,744,241			19,994,095		33,062,179	135,800,515

Provisions for liabilities and charges

The breakdown of this item is as follows.

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
For taxes, including deferred taxes		7,237,140		145,187	7,382,327
Derivatives payable		135,726			135,726
Other		150,000			150,000
Total		7,522,866		145,187	7,668,053

Provisions for taxes include deferred tax liabilities relating to taxable temporary differences of € 7,382,327 as at 31 December 2023. For a description of which please refer to the relevant section of these Notes to the Financial Statements.

Derivative financial instruments payable include derivative financial instruments with a negative fair value at the valuation date.

Other provisions, as at 31 December 2023, amounted to € 150,000 and are intended to cover main-

tenance costs on public lighting systems for which some municipalities may request a non-repayable contribution from the Company, up to a limit of 1% of the total contract value.

Severance indemnity

The breakdown of this item is as follows.

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
Severance indemnity, changes in the period		503,334			503,334

The accrued provision represents the actual debt accrued to employees in accordance with the law and current employment contracts, considering all forms of remuneration of an ongoing nature.

The provision corresponds to the total of the individual indemnities accrued up to 31 December 2006 in favour of employees at the accounting date, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment on that date. It is recalled, in fact, that at the time of the handover in 2017, the allowances accrued by the staff who joined City Green Light were also conferred.

The fund does not include the indemnities accrued as at 1 January 2007, allocated to supplementary pension schemes pursuant to Italian Legislative Decree No. 252 of 5 December 2005 (i.e., transferred to the INPS treasury) and reported under 'Other changes' in the above table.

Payables

Consolidated payables, after the elimination of intercompany balances, are stated at their nominal value and are classified according to maturity as follows:

Description	Within the next financial year	Beyond the next financial year	Over 5 years	Total
Owed to banks	24,602,005	30,316,429		54,918,434
Other financial debt	2,505,367	4,533,550		7,038,917
Advanced payments received	1,542,126			1,542,126
Trade payables	41,891,018			41,891,018
Payables to affiliated companies	1,160,652			1,160,652
Tax liabilities	744,164			744,164
Payables to Social Security Institutions	965,903			965,903
Other debts	9,138,310	797,958		9,936,268
Total	2,505,367	35,647,937		118,197,482

The balance of the value owed to banks as at 31/12/2023, equal to € 54,918,434, including loans payable, expresses the actual debt for principal, interest and accessory charges accrued and due.

City Green Light has paid back the Green Loan ahead of schedule. It was taken out in 2020 with a nominal value of € 42 million in accordance with the facility agreement signed on 3 August 2023.

The other financial debt, in the amount of € 7,038,917, consists of € 203,611 in payables for factoring transactions and € 6,835,306 in loans due to the company Spv Project. The latter resulted from the securitisation of receivables from six projects by the parent company. These contracts provide for the repayment of the financing received through the assignment without recourse of part of the claims accrued against the securitised municipalities.

Advance payments received, amounting to € 1,542,126, include payables for advance payments received from customers for goods or services not yet delivered.

Trade payables, amounting to € 41,891,018, mainly include trade payables for the supply of services. The nominal value of these payables was adjusted for returns and allowances (billing adjustments) to the extent of the amount defined with the contractual party.

Payables to affiliated companies, which amounted to € 1,160,652 refer to the net balance of costs reversed by consortium members.

The item Tax liabilities amounts to € 744,164 and includes € 32,781 of withholdings for self-employed workers; € 359,775 of Income tax for employees and € 392,544 for IRES (Corporate Income Tax) and IRAP (Regional Income Tax) owed to the tax authorities.

Payables to Social Security Institutions amount to € 965,903 and refer to the Group's debt position with Social Security and Welfare Institutions, relating to contributions for the month of December 2023 not yet paid.

Payables to others, amount to € 9,138,310 and mainly relate to the remaining debt for the purchase of the minority interest in Lumagest Srl of € 3,527,451 and to other payables of € 3,675,810. Also recognised are payables to personnel (for € 937,755) for salaries and in respect of the productivity bonus accrued during the year, and the charge for accrued and unused leave as at 31 December 2023 (for € 797,958). Lastly, trade payables are recorded for guarantee withholdings amounting to 0.5% of the contract value in the amount of € 797,958, due beyond the year.

It should be noted that the Company has availed itself of the option not to use the amortised cost criterion and/or not to discount non-financial payables with a maturity of less than 12 months and where transaction costs, commissions and any other differences between initial value and maturity value are insignificant.

Payables are therefore recorded at their nominal value.

Accrued expenses and deferred income

The breakdown of this item is as follows.

Description	Amount
Deferred income on invoices issued	1,312,076
Other accrued expenses	32,639
Total	1,344,715

They represent the connecting items of the financial year counted on an accrual basis.

Income Statement

Production value

Description	31/12/2023
Revenues from sales and services	145,895,977
Changes in product inventories	0
Changes in contract work in progress	708,926
Own work capitalised	0
Other revenues and income	10,205,215
Total	156,810,118

Revenues from sales and services are detailed below:

- fees for public lighting contracts for € 117,969,337;
- works for non-concessional contracting or direct contracting in the amount of € 10,730,895;
- revenues from supply and installation in the amount of € 13,088,150;
- revenues from facilities management of buildings in the amount of € 317,440;
- other revenues in the amount of € 3,790,155 mainly related to costs charged back to consortium members (Euro 3,030,135).

Other revenues and income include € 7,333,392 in incentives from energy tax credits for non-energy intensive companies; contingent assets of € 1,187,798, mainly from the reversal and write-off of various payables; € 595,414 for insurance reimbursements; release of provisions of € 827,243; proceeds from the sale of energy efficiency bonds and other income for Euro 261,368. All of the Group's revenues are generated in Italy.

Production costs

The breakdown of this item is as follows.

Description	31/12/2022	Increases	Decreases	Consolidation entries	31/12/2023
Raw materials, consumables and goods for resale		46,527,468			46,527,468
Services		41,746,391		(6,639,939)	35,106,452
Rental and leases		1,356,601			1,356,601
Wages and salaries		8,446,122			8,446,122
Social security costs		2,380,293			2,380,293
To severance indemnity reserve		522,252			522,252
Other personnel costs		9,826			9,826
Depreciation of intangible fixed assets		4,447,509		679,363	5,126,872
Depreciation of tangible fixed assets		11,711,628			11,711,628
Write-downs of current assets		154,668			154,668
Change in inventories of raw material		(15,022)			(15,022)
Other operating expenses		567,542			567,542
Total		117,855,278		(5,960,576)	111,894,702

Costs for raw materials, consumables and goods for resale and Costs for services

These are closely related to the information provided in the Management Report and the performance of item A (Production value) in the Income Statement.

Personnel costs

This item includes the entire cost for employees, including merit improvements, category transitions, contingency bonuses, cost of unused leave, and provisions required by law and collective agreements.

Depreciation/amortisation of tangible and intangible fixed assets

With regard to depreciation, it is specified that it was calculated on the basis of the useful life of the asset and its utilisation in the production phase.

Amortisation of intangible assets, amounting to € 5,077,764 largely relates to the valuation of contracts with public bodies that were transferred over. Substantially representing the discounted value of expected future cash flows, this value is amortised over the remaining term of each individual contract.

Depreciation of tangible assets, which amounted to € 11,711,628 was calculated on the basis of the useful life of the asset and its utilisation in the production phase. Depreciation on public lighting investments has been calculated as the lower of the useful life of the asset and the duration of the specific contract.

Other operating expenses

The Group recorded Sundry operating expenses of €567,542. The most significant cost items consist

mainly of contingent liabilities and penalties in the amount of € 192,592, other taxes and duties in the amount of € 69,712, and membership fees in the amount of € 54,791.

Financial income and expenses

The breakdown of this item is as follows.

Description	31/12/2023
From other financial income	3,091,089
(Interest and other financial expenses)	(5,053,777)
Total	(1,962,688)

Other income consists mainly of income from contracts related to derivative financial instruments. Interest and other financial expenses are as follows.

Description	31/12/2023
Supplier interest payable	4,591
Interest on medium- and long-term loans	3,855,039
Discounts or financial expenses	305,444
Interest on other loans	888,703
Total	5,053,777

Interest on other loans relates to interest accrued during the year on the above securitisation transaction and factoring, and extension of tax liabilities payment terms.

Income taxes for the year

Taxes	Balance as at 31/12/2023
Current taxes	9,995,800
Taxes from previous years	24,376



Deferred (prepaid) taxes	(129,627)
	9,890,549

Deferred/advance taxation

Deferred taxes have been calculated according to the global allocation criterion, taking into account the cumulative amount of all temporary differences, based on the expected average rates in force when these temporary differences will reverse.

Deferred tax assets have been recognised because there is a reasonable certainty that there will be taxable income in the years in which the deductible temporary differences, for which the deferred tax assets have been recognised, will reverse.

The main temporary differences that led to the recognition of deferred tax assets and liabilities are shown in the table below together with their effects.

Recognition of deferred and prepaid taxes and consequential effects:

	31/12/2023	
	Amount of temporary differences	Tax effect
Deferred tax assets:		
Asset impairment provision	202,939	56,620
Taxed provision for bad debts	3,707,658	889,838
Directors' fees	6,507	1,562
Provision for free work for municipalities	150,000	41,850
Inventory write-down provision	40,043	11,172
Derivatives payable	135,726	32,574
Total deferred tax assets	4,242,873	1,033,616
Deferred tax liabilities:		
Lumagest PPA depreciation/amortisation	25,128,958	7,237,140
Consolidation entries	520,384	145,187
Total deferred tax liabilities	25,649,342	7,382,327
Net deferred (prepaid) taxes		6,348,711
Deferred tax assets relating to tax losses of the financial year	585,938	140,625
Net		6,208,086

In particular, FBF Impianti has recognised deferred tax assets of € 140,625 arising from tax losses carried forward in the financial year, as the conditions required by accounting standards for the recognition of

future tax benefits are met. In particular, it is reasonably certain that the company will generate taxable income in the future that will allow these losses to be utilised.

Information on the fair value of financial derivatives

In accordance with art. 38, paragraph 1, point o-ter of Italian Legislative Decree 127/1991, the fair value and information on the amount and nature of each category of derivative financial instruments, broken down by class, taking into account aspects such as the characteristics of the instruments themselves and the purposes for which they are used, are set out below.

As at 31/12/2023, the parent company had three interest rate derivative contracts (IRS) in place that qualified as 'hedging'. The table below summarises the main aggregate characteristics of these instruments and their fair value at the end of the financial year.

Derivative contract type	Interest rate swap
Purpose	coverage
Notional value	32,799,999
Underlying financial risk	Interest risk
Fair value	(135,726)
Covered asset/liability	Utilisation of credit lines as per facility agreement dated 3 August 2023

Information on related party transactions

(Ref. art. 38, first paragraph, letter o-quinquies), Italian Legislative Decree no. 127/1991

It should be noted that during the year, transactions with related parties were carried out at market conditions. None of the transactions with related parties can be classified as either atypical or unusual as they are part of the companies' normal business activities.

Information on off-balance sheet agreements

(Ref. art. 38, first paragraph, letter o-sexies), Italian Legislative Decree no. 127/1991

There are no off-balance sheet agreements.

Information regarding Article 1, paragraph 125 of Italian Law No. 124 of 4 August 2017

Pursuant to Article 1, paragraph 125 of Italian Law No. 124 of 4 August 2017, in compliance with the ob-



ligation of transparency, it is reported that no grants, paid assignments or any other economic benefits of any kind were received from public administrations

The Group recognised income from public administrations totalling € 141,164,728 as consideration for services rendered on the basis of contracts signed following the awarding of tenders. The Group also recognised income from the sale of energy efficiency bonds in the amount of € 159,087.

Aid granted by the Public Administration with value of € 10,000 or more has already been entered in the National Register of State Aid (RNA), which is updated by the public administrations that grant the aid. Lastly, under the facility agreement signed in 2023, the Parent Company received a guarantee from SACE as part of the public support for the development of production activities with the counter-guarantee of the Italian State, in application of Legislative Decree n. 123 of 31 March 1998 "Provisions for the rationalisation of public support measures for businesses, pursuant to article 4, paragraph 4, letter c) of Law no. 59 of 15 March 1997".

Information on fees payable to the Independent Auditors

(Ref. art. 38, first paragraph, letter o-septies), Italian Legislative Decree no. 127/1991

In accordance with the law, the fees for the year are shown for services provided by the Independent Auditors and entities belonging to their network

- fees for the statutory audit of the parent company's financial statements: € 30,000
- fees due for other verification services: € 14,000

Information on the fees payable to directors and statutory auditors

In accordance with the law, the remuneration of the members of the Board of Directors and the Board of Statutory Auditors of the parent company is disclosed, including the remuneration for the performance of such functions also in other consolidated companies.

Role	Fee
Directors	33,483
Board of Statutory Auditors	62,419
Total	95,902

Significant events after the end of the financial year

On 24 January 2024, the examining Magistrate of Trapani issued a precautionary order, which also affected a person who, at the time of the facts, was an employee of City Green Light S.r.l. He was subject to a temporary ban on engaging in entrepreneurial activities or holding managerial positions in legal entities for a period of one year.

The preliminary allegations concerned the hypotheses of "breach of professional secrecy", of "interference with the freedom of the procedure for selecting the contractor" and a hypothesis of "corruption" in the context of the project financing procedure pursuant to art. 183 of Italian Legislative Decree 50/2016 called by the Municipality of Trapani for energy efficiency, regulatory compliance, routine and extraordinary maintenance, including the supply of electricity for public lighting systems, relamping and the maintenance of lighting systems in municipal buildings. Examination of the precautionary order revealed that the Public Prosecutor's Office in Trapani had also requested the application of the prohibition measure (pursuant to art. 9 of Legislative Decree 231/2001) against the company, with the sole purpose of cancelling (or in any event suspending) the administrative procedure for the assignment of the aforementioned project financing contract, the value of which amounts to € 16 million.

The hearing was scheduled for 8 February in Trapani, at the end of which the examining magistrate would have to decide whether to apply this precautionary measure to CGL.

However, on 5 February, the Review Court (*Tribunale del Riesame*) of Palermo - appealed by the defence lawyers of the former Councillor of the Municipality of Trapani (alleged corruption in relation to the matter in question), against whom the examining magistrate of Trapani had issued the precautionary measure of house arrest (later reduced to an obligation to remain at home) - completely overturned the precautionary measure against the former Councillor, reserving the right to present the grounds for the measure within 45 days (with an expiry, therefore, on 21 March 2024).

As a result of this major development, the examining magistrate has accepted the Company's request to adjourn the Chamber hearing until 4 April 2024 to allow the parties to consider the reasons set out

above.

On 16 February, the Review Court (*Tribunale del Riesame*) in Palermo heard the appeal lodged by the defence of the CGL employee against the precautionary measure issued by the examining magistrate of Trapani. As a result, the Court cancelled the order applying the precautionary measure and revoked the measure. This measure has also been removed.

City Green Light has hired the law firm Severino Penalisti Associati for matters of criminal law and the Law firm Calegari Creuso Lago e Associati for matters of administrative law. They will prepare the defence arguments in order to demonstrate the correctness of CGL's actions and the formal adoption and effective implementation of the organisational model pursuant to Italian Legislative Decree no. 231/2001.

Based on the legal advice received, the Company believes that the risk of sanctions being imposed on City Green Light in connection with the above-mentioned proceedings and the risk of injunctions being imposed in connection with the Trapani contract is remote.

In November 2023, FBF Impianti Srl submitted a request for non-enforcement to the Revenue Agency explaining the merger transaction that had taken place during the 2022 financial year and that had led to the incorporation, by FBF Impianti Srl, of the wholly-owned subsidiary "Er.Fra. Sas di Fedriga Francesco & C." for the purpose of carrying forward previous tax losses and the excess interest payable that had not been deducted and recognised. On 30 January 2024, the Revenue Agency accepted the Company's arguments and allowed the carry-forward of both the loss and the excess interest payable.

On 19 March 2024, in line with the objectives of the strategic plan, City Green Light acquired 100% of the share capital of Termotecnica Sebina, a company active in the installation and maintenance of heating, plumbing and electrical systems. The Equity Value paid on that date will be subject to adjustment in line with normal market practice.

Consolidated financial statements

These Consolidated Financial Statements, consisting of the balance sheet, income statement and notes to the financial statements, give a true and fair view of the financial position and results of operations and correspond to the parent company's accounting records and to the information provided by the companies included in the consolidation.

The undersigned Alessandro Visentin, in his capacity as legal representative, aware of the criminal liability provided for in case of false declaration, certifies, pursuant to Art. 47 of Italian Presidential Decree no. 445/2000, that the electronic document in XBRL format containing the Balance Sheet, the Income statement, the Cash flow statement and these Notes to the financial statements corresponds to those kept in the company's records.

Vicenza, 26 March 2024

The Managing Director
Eng. Alessandro Visentin



04

INDEPENDENT AUDITOR'S REPORT





City Green Light S.r.l.

Consolidated financial statements as at December 31, 2023

Independent auditor's report pursuant to article 14 of
Legislative Decree n. 39, dated 27 January 2010



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
City Green Light S.r.l.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of City Green Light S.r.l. ("City Green Light Group" or "the Group"), which comprise the balance sheet as at December 31, 2023, the income statement and consolidated statement of cash flows for the year then ended, and explanatory notes. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of City Green Light S.r.l. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the City Green Light Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the City Green Light S.r.l. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of City Green Light S.r.l. are responsible for the preparation of the Report on Operations of City Green Light Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard ISA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of City Green Light Group as at December 31, 2023 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of City Green Light Group as at December 31, 2023 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Verona, April 12, 2024

EY S.p.A.
Signed by: Daniele Tosi, Auditor

This report has been translated into the English language solely for the convenience of international readers.



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