

# **Ambienthesis S.p.A.**

**Consolidated financial statements  
as at 31 December 2021**

**Independent auditor's report pursuant to Article 14  
of Legislative Decree No. 39 of 27 January 2010 and  
Article 10 of Regulation (EU) No 537/2014**

# Independent auditor's report pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 and Article 10 of Regulation (EU) No 537/2014

To the Shareholders of  
Ambienthesis S.p.A.

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of the Ambienthesis Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the financial year ended on the same date, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the equity and financial position of the Group as at 31 December 2021, of the results of its operations and cash flows for the financial year ended on the same date, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with implementing measures of Article 9 of Legislative Decree No. 38 of 28 February 2005.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs Italy). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of this report. We are independent of Ambienthesis S.p.A. in accordance with the ethical and independence rules and standards applicable to the audit of financial statements in Italy. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matters

For comparability purposes, the consolidated financial statements as at 31 December 2021 show the prior year's figures, which have been restated in accordance with the pooling-of-interests method. Such comparative figures were taken from the consolidated financial statements of the controlling company Greenthesis S.p.A.'s group for the financial year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and already audited by another independent auditor, which gave an unqualified opinion on 10 August 2021.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key matters	Audit responses
<p><b>Recognition of revenue from contracts with customers concerning remediations and measurement of contract assets and liabilities</b></p> <p>The consolidated financial statements of the Ambienthesis Group show a revenue from contracts with customers of Euro 154,966,000. This revenue and the related margin concern remediations for Euro 21,771,000 and are recognised based on the consideration agreed in proportion to the progress of the work, as determined in accordance with the cost-to-cost method. This means that any margin on contracts of such nature may vary from the initial estimates depending on whether or not any higher expenses and/or costs which the Group may incur in performing such contracts can be recovered.</p> <p>The processes and methods to recognise revenue and measure contract assets and liabilities from remediations, which as at 31 December 2021 stood at Euro 18,352,000 and Euro 733,000, respectively, rely on assumptions, sometimes complex, which inherently require the directors to exercise judgement – namely in estimating contract costs and margin on contracts with customers, which may vary from the initial estimates depending on whether or not any higher expenses and/or costs can be recovered.</p>	<p>As a response to the identified key audit matter, we performed the following audit procedures, <i>inter alia</i>:</p> <ul style="list-style-type: none"><li>i) obtained an understanding of the procedure and key controls implemented by the Ambienthesis Group in respect of contract planning and control and calculation of contract progress;</li><li>ii) analysed, having regard to major projects, the main assumptions made in predicting costs to complete contracts and in calculating aggregate revenues, by analysing contract reports together with project managers and by examining contract documents;</li><li>iii) analysed the assumptions that required the directors to exercise judgement – namely in predicting revenues from variations and significant price revisions;</li><li>iv) carried out substantive procedures on contract costs on a sample basis;</li><li>v) challenged how the progress of work was calculated.</li></ul> <p>Finally, we challenged the appropriateness of the disclosure in the notes to the consolidated financial statements in relation to revenue recognition and measurement of contract assets and liabilities.</p>

In the light of the economic and equity significance of revenue and contract assets and liabilities and considering the degree of judgement required by the complexity of the assumptions made in predicting costs to complete contracts and in dealing with contract amendments, we have identified this as a key audit matter.

Revenue recognition and measurement of contract assets and liabilities are disclosed in the financial statements under Evaluation criteria in the item "Revenues and Costs", under note 10 "Contract assets", under note 26 "Contract liabilities" and under note 31 "Revenues" to the consolidated financial statements.

---

### Measurement of goodwill

The goodwill included in the consolidated financial statements of the Ambienthesis Group as at 31 December 2021 amounts to Euro 31,583,000 and refers to the cash generating units Environment, WTE and Engineering, Biomethane and Photovoltaics and Municipal waste disposal.

The processes and methods to measure and calculate the recoverable amount of each cash generating unit, in terms of value in use, rely on assumptions, sometimes complex, which inherently require the directors to exercise judgement – namely in forecasting future cash flows, with reference to both the period of the Group's strategic plan and beyond, in the assumptions made to estimate future increases in the order book, revenues, gross margin, operating costs, growth rate of terminal values, investments and discount rate.

Considering the degree of judgement required and the complexity of the assumptions made in estimating the recoverable amount of goodwill, we have identified this as a key audit matter.

As a response to the identified key audit matter, we performed the following audit procedures, *inter alia*:

- i) analysed the procedure implemented by the Group to measure the recoverable amount of goodwill, in the light of the impairment test methodology approved by the Board of Directors;
- ii) analysed the reasonableness of future cash flows predicted in the strategic plans approved by the Board of Directors on 15 March 2022;
- iii) analysed the normalised cash flows expected after the end of the plan's period;
- iv) analysed the key assumptions used by the directors in the impairment test;
- v) assessed forecasts in the light of the historical accuracy of past forecasts;
- vi) challenged the appropriateness of the scope of CGUs and of the allocation of book values of assets and liabilities to each CGU;
- vii) challenged how the growth rate of terminal values and discount rates were calculated.

Measurement of goodwill is disclosed in the financial statements under note “Use of estimates – Recoverable amount of non-current assets” and under note 3 “Goodwill” to the consolidated financial statements.

In conducting our audit, we availed ourselves of the support of our experts in valuation techniques who performed independent recalculation and sensitivity analysis of the key assumptions in order to identify any change in the assumptions that could have a significant impact on the recoverable amount.

Finally, we challenged the appropriateness of the disclosure in the notes to the consolidated financial statements in relation to measurement of goodwill.

---

### **Business combination under common control**

During the year, Ambienthesis S.p.A. (the “Company”) and its controlling company Greenthesis S.p.A. entered into an investment agreement resulting in a capital increase for the Company of Euro 32,500,000, plus a share premium of Euro 42,500,000, which Greenthesis S.p.A. paid up by contribution in kind of a business unit formed by assets and active and passive legal relations.

Such reorganisation of the scope of listing qualifies as a “business combination involving entities or businesses under common control” and, as such, the acquisition method pursuant to IFRS 3 does not apply. In accordance with International Financial Reporting Standards, in presenting the above-said transaction in the accounts, the directors applied the pooling-of-interests method. Pursuant to this method, the financial information is presented according to a predecessor approach, based on the values shown in the consolidated financial statements of the ultimate controlling company (Greenthesis S.p.A.), and the comparative figures for years prior to the reorganisation are restated as though the entities had always been combined.

As a response to the identified key audit matter, we performed the following audit procedures, *inter alia*:

- i) analysed the investment agreement between the parties to understand its key terms and conditions;
- ii) obtained an understanding of and analysed the accounting treatment adopted by the Company, as well as any adjustments made to restate comparative figures as at 31 December 2020 to provide a view that is consistent with the figures relating to the financial year ended 31 December 2021.

Finally, we challenged the appropriateness of the disclosure in the notes to the consolidated financial statements in relation to reorganisation of the scope of the Group.

In the light of the complexity of reorganising the scope and the significance of the equity and economic effects on the consolidated financial statements of Ambienthesis, we have identified this as a key audit matter.

Reorganisation of the scope of the Group is disclosed in the financial statements under note "Reorganisation" to the consolidated financial statements.

---

### **Directors' and board of statutory auditors' responsibilities for the consolidated financial statements**

Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with implementing measures of Article 9 of Legislative Decree No. 38 of 28 February 2005, and, pursuant to 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.

Directors are responsible for assessing the Group's ability to continue as a going concern, for using the going concern basis of accounting appropriately in preparing the consolidated financial statements, and for disclosing, as applicable, matters related to going concern. Directors use the going concern basis of accounting in preparing the consolidated financial statements unless they believe that there are the conditions to liquidate the Parent Company Ambienthesis S.p.A. or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for monitoring the Group's financial reporting preparation process pursuant to the law.

### **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 (ISAs Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 conducted in accordance with International Standards on Auditing (ISAs Italy), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in preparing the consolidated financial statements, 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 modify 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 communicate with those charged with governance, identified at an appropriate level as required by International Standards on Auditing (ISAs Italy), 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

#### **Other information disclosed pursuant to Article 10 of Regulation (EU) No 537/2014**

On 25 May 2018, the shareholders' meeting of Ambienthesis S.p.A. appointed us to carry out the audit of the Company's financial statements and consolidated financial statements of the Ambienthesis Group for the years ended from 31 December 2018 to 31 December 2026.

We declare that the prohibited non-audit services referred to in Article 5, paragraph 1 of Regulation (EU) No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this auditor's report is consistent with the additional report to the board of statutory auditors, acting as audit committee, referred to in Article 11 of the above-said Regulation.

### **Report on other legal and regulatory requirements**

#### **Opinion on compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The directors of Ambienthesis S.p.A. are responsible for the application, in the consolidated financial statements, of the provisions of the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter the "Delegated Regulation"), to be included in the Annual Financial Report.

We performed the procedures set out in the Standard on Auditing (SA Italy) No. 700B in order to give our opinion on compliance of the consolidated financial statements with the provisions of the Delegated Regulation. In our opinion, the consolidated financial statements were prepared in the XHTML format and marked in accordance with the provisions of the Delegated Regulation in all material respects.

#### **Opinion pursuant to Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of 27 January 2010 and Article 123-bis, paragraph 4 of Legislative Decree No. 58 of 24 February 1998**

The directors of Ambienthesis S.p.A. are responsible for the preparation of the management report and of the report on corporate governance and ownership structure of the Ambienthesis Group as at 31 December 2021, including their consistency with the related consolidated financial statements and their compliance with the law.



We performed the procedures set out in the Standard on Auditing (SA Italy) No. 720B in order to give our opinion on the consistency of the management report and of some specific disclosures in the report on corporate governance and ownership structure, as indicated in Article 123-*bis*, paragraph 4 of Legislative Decree No. 58 of 24 February 1998, with the consolidated financial statements of the Ambienthesis Group as at 31 December 2021 and on their compliance with legal provisions, as well as to issue a statement on any material misstatements.

In our opinion, the management report and specific disclosures in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Ambienthesis Group as at 31 December 2021 and were prepared in compliance with legal provisions.

As regards the statement under Article 14, paragraph 2, letter e) of Legislative Decree No. 39 of 27 January 2010, issued based on our knowledge and understanding of the business and context thereof, as acquired during the audit, we have nothing to report.

Milan, 6 April 2022

EY S.p.A.

[Signature]

Marco Di Giorgio  
(Auditor)