

Greenthesis S.p.A.

Financial statements as at 31 December 2023

**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
Greenthesi S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Greenthesi S.p.A. (the "Company"), which comprise the statement of financial position at 31 December 2023, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement for the financial year ended on the same date, and explanatory notes, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the equity and financial position of the Company as at 31 December 2023, 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 financial statements* section of this report. We are independent of the Company 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 data-bbox="177 421 790 548">Recognition of revenue from contracts with customers concerning remediations and measurement of contract assets and liabilities</p> <p data-bbox="177 571 790 817">The financial statements of Greenthesi S.p.A. show a revenue from contracts with customers of Euro 92,559,000. This revenue and the related margin concern remediations for Euro 24,189,000 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.</p> <p data-bbox="177 851 790 1220">The processes and methods to recognise revenue and measure contract assets and liabilities from remediations, which as at 31 December 2023 stood at Euro 4,210,000 and Euro 0, 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 data-bbox="177 1254 790 1489">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.</p> <p data-bbox="177 1523 790 1769">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 9 “Contract assets”, under note 25 “Contract liabilities” and under note 29 “Revenues” to the separate financial statements.</p>	<p data-bbox="790 571 1375 672">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 data-bbox="790 672 1375 817">i) obtained an understanding of the procedure and key controls implemented by Greenthesi S.p.A. in respect of contract planning and control and calculation of contract progress; <li data-bbox="790 817 1375 1030">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 data-bbox="790 1030 1375 1153">iii) analysed the assumptions that required the directors to exercise judgement – namely in predicting revenues from variations and significant price revisions; <li data-bbox="790 1153 1375 1220">iv) carried out substantive procedures on contract costs on a sample basis; <li data-bbox="790 1220 1375 1288">v) challenged how the progress of work was calculated. <p data-bbox="790 1310 1375 1467">Finally, we challenged the appropriateness of the disclosure in the notes to the separate financial statements in relation to revenue recognition and measurement of contract assets and liabilities.</p>

Measurement of goodwill

The goodwill included in the financial statements of Greenthesi S.p.A. as at 31 December 2023 amounts to Euro 21,707,000, entirely allocated to the cash generating unit Environment.

The processes and methods to measure and calculate the recoverable amount of the cash generating unit Environment, 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 2024-2028 strategic plan and beyond, in the assumptions made to estimate future increases in the order book, revenues, gross margin, 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.

Measurement of goodwill is disclosed in the financial statements under note “Use of estimates – Recoverable amount of non-current assets” and under note 2 “Goodwill” to the separate financial statements.

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

- i) analysed the procedure implemented by the Company 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 the future cash flows predicted in the 2024-2028 strategic plan approved by the Board of Directors on 09 April 2024;
- iii) analysed the normalised cash flows expected after the end of the plan’s period;
- iv) analysed the reasonableness of 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 how the growth rate of terminal values and discount rates were calculated.

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 separate financial statements in relation to measurement of goodwill.

Measurement of equity investments and financial receivables from subsidiaries

The financial statements of Greenthesi S.p.A. as at 31 December 2023 include equity investments in subsidiaries of Euro 130,750,000 and financial receivables from the latter of Euro 13,210,000.

Consistently with its management strategy for legal entities within the Group, the Company considers impairment indicators at least on an annual basis for each equity investment and estimates the amount of expected losses along the entire life of financial receivables. In the presence of such indicators, equity investments in subsidiaries are subject to an impairment

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

- i) analysed the procedure and controls implemented by Greenthesi S.p.A. to identify and measure any impairment in the value of equity investments in subsidiaries and of financial receivables from the latter;
- ii) analysed the reasonableness of the forecasts of future cash flows predicted in the plans of subsidiaries;

test; namely, no impairment losses were recorded in the financial year.

The process and methods to measure equity investments and financial receivables from subsidiaries rely on complex elements, which inherently require the directors to exercise judgement – namely in forecasting expected cash flows from subsidiaries, from using or selling their assets, and in estimating the discount rates to apply in the measurement.

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

Measurement of the recoverable amount of equity investments and financial receivables from subsidiaries is disclosed in the financial statements under note “Use of estimates – Recoverable amount of non-current assets”, under note 4 “Equity investments” and under note 5 “Other financial assets” to the financial statements.

- iii) analysed the reasonableness of the key assumptions used by the directors in the impairment test of equity investments in subsidiaries;
- iv) challenged how the discount rates were calculated.

Finally, we challenged the appropriateness of the disclosure in the notes to the financial statements in relation to equity investments in subsidiaries and financial receivables from the latter.

Directors’ and board of statutory auditors’ responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements as a whole, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, all actions taken to remove risks and all 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 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 Greenthesi S.p.A. appointed us to carry out the audit of the Company's financial statements and of the Greenthesi Group's consolidated financial statements 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 Company in conducting the audit.

We confirm that the opinion on the 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 Delegated Regulation (EU) 2019/815

The directors of Greenthesi S.p.A. are responsible for the application, in the financial statements, of the provisions of 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 financial statements as at 31 December 2023 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2023 were prepared in the XHTML format in accordance with the provisions of the Delegated Regulation.

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 Greenthesi S.p.A. are responsible for the preparation of the management report and of the report on corporate governance and ownership structure of Greenthesi S.p.A. as at 31 December 2023, including their consistency with the related 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 financial statements of Greenthesi S.p.A. as at 31 December 2023 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 financial statements of Greenthesi S.p.A. as at 31 December 2023 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, 29 April 2024

EY S.p.A.

[SIGNATURE] [SIGNATURE]

Marco Di Giorgio
(Auditor)