

Companies Registry registration no.09640920964  
Chamber of Commerce (REA) reg. no. 230875

## **GLASS TO POWER S.p.A.**

Registered Office 38068 ROVERETO (TN) – via Fortunato Zeni, 8  
Share capital Euro 528.812,00 i.v.

### **Management report for the year ended at 31/12/2021**

Dear Shareholders,

the financial year closed on 31/12/2021 represents the sixth year of company activity and reports a negative result equal to Euro 1,618,048.

#### **Operating conditions and business development**

Your company, as you well know, carries out its activity in the field of experimental research for the development of nanoparticles in order to create photovoltaic windows with LSC technology.

#### **Management trend**

##### **Social activity trend in 2021**

2021 was a very busy year, despite the ongoing COVID-19 pandemic.

The certification activity of the transparent photovoltaic insulating double glazing product, which began in 2020, ended, as regards the IEC 61730 certification, of electrical safety, in January 2021. In the first months of 2021, an Extraordinary Assembly of shareholders who unanimously approved a paid capital increase in "crowdfunding", in collaboration with the OpStart platform, setting the placement price of the shares at € 48 each, and provided for an initial phase lasting 1 month in which the price was deliberately reduced to € 40 to favor shareholders already present in the company (early bird booking). The collection ended at the end of May 2021 with a good success: € 2,224M were raised both from shareholders and from new investors.

The operation, as resolved by the shareholders' meeting, has set the goal of listing on the stock exchange as its ultimate goal. Between September and December 2021, with the support of the listing sponsor Pairstech Ltd, the company created and finalized all the documentation for the listing on Euronext Paris, Access Plus segment. Given the strong criticality in France for COVID in autumn 2021, there are state of the delays in the analysis of the documentation and in the acceptance of the same to define the start of the exchanges, which took place in mid-February 2022.

Between September 2021 and February 2022 a series of preparatory activities for the listing were developed, such as the contract with the registrar Spafid (a company of the Mediobanca Group), for the dematerialization of the shares on MonteTitoli which closely involved all the shareholders,

From the point of view of production, most of the efforts have been devoted to the development of the first industrial reactor in Rovereto, which once fully operational will have a potential production capacity of over 200g. of nanoparticles per day. Further details on the technical-production side of the company are provided in the following paragraph of the "Foreseeable evolution of management".

Important strides have been made with PMMA producers.

The new equipment for welding and gluing the photovoltaic strips on the edge of the slabs has been purchased and the second has already been delivered by the supplier.

Preliminary pre-tests were initiated for obtaining certifications as a building product (EU 1279) and those relating to electrical quality (IEC 61215). The former did not show any particular criticalities, even if it was nevertheless decided to replace the containing elements of the PMMA sheet, originally foreseen in plastic material, with similar metal elements to ensure even greater resistance to the penetration of atmospheric gas / humidity. The situation relating to IEC 61215 is more complex, which will be reanalyzed after the machines for industrial cell gluing are put into operation. These tests involved a very significant commitment of all the technical structures.

From a marketing point of view, Glass to Power has participated in numerous Italian trade fairs of great importance, including SAIE Bari at the beginning of October, Ecomondo Key Energy in Rimini at the end of the same month of October and, immediately after, the Vitrum Life fair in Milan.

From a commercial point of view, the structure has begun to take its first steps and has concluded an interesting first contract with the company Domutopia S.r.l. of Lissone (MB) worth almost 1M €, a contract that will be developed in the course of 2022, although the activity has not yet started due to the client's problems that have slowed down the road map provided for by the contractual agreement. Prudentially, no revenues have been forecast on this contract as, at the moment, there is no visibility on the probabilities of its real development.

Other important initiatives and awards were:

- the realization of some partnership agreements with some producers of double glazing and glazed elements: La Tecnica nel Vetro of Scafati (SA), SICIS of Ravenna and Union Glass of Livorno (TV);
- an agreement with the company Notredame S.r.l. for the integration of an electrochromic film with the G2P product;
- the "Social Innovator Monitor" of the Politecnico di Torino has included Glass to Power among the 15 best innovative Startups of 2021;
- the Institute of Management of the Scuola Superiore Sant'Anna has produced the book "The good company - Startup Stories for a better world", published by Il Sole 24 Ore and will be released in all Italian bookstores on 22 July 2021; the authors tell the stories of 17 Italian companies, among which Glass to Power stands out as a story of success and innovation.

### **Social, political and trade union climate**

Despite the numerous restrictions imposed, the pandemic has not affected the relaxed social climate, proactive and inclined to improve the company. The parties experienced the emergency situation as a transitory moment with the aim of limiting the damage and laying the foundations for a desired restart.

### **Management trend in the sectors in which the company operates**

The past year was partly conditioned by the emergency situation of last year which slowed down the development program for laboratory work.

### **Summary of the financial statements (data in Euro)**

	31/12/2021	31/12/2020	31/12/2019
Revenues	170.655	18.459	683.828
Gross operating margin (M.O.L. or Ebitda)	(843.288)	(596.477)	(577.685)
Operating income (Ebit)	(1.598.015)	(1.017.969)	(275.183)

	31/12/2021	31/12/2020	31/12/2019
Profit (Loss) for the year	(1.618.048)	(1.034.486)	(277.189)
Fixed assets	3.318.826	3.244.479	3.056.281
Total net equity	3.053.755	2.454.544	3.419.841
Net financial position	(181.692)	(685.228)	344.041

The following table shows the results achieved in the last three years in terms of value of production, gross operating margin and profit before taxes:

	31/12/2021	31/12/2020	31/12/2019
Production value	379.167	255.050	1.147.345
Gross operating margin	(843.288)	(596.477)	(577.685)
Result before the taxes	(1.618.048)	(1.034.486)	(277.189)

#### Main economic data

The reclassified income statement of the company compared with that of the previous year is as follows (in Euro):

	31/12/2021	31/12/2020	Variazione
Net revenues	54.810	2.499	52.311
- External costs	399.999	128.264	271.735
<b>Value added</b>	<b>(345.189)</b>	<b>(125.765)</b>	<b>(219.424)</b>
- Cost of labor	498.099	470.712	27.387
<b>Gross Operating Margin</b>	<b>(843.288)</b>	<b>(596.477)</b>	<b>(246.811)</b>
- Depreciation, write-downs and others provisions	870.572	437.452	433.120
<b>Operating income</b>	<b>(1.713.860)</b>	<b>(1.033.929)</b>	<b>(679.931)</b>
+ Uncharacteristic income	115.845	15.960	99.885
± Financial income and expenses	(20.033)	(16.517)	(3.516)
<b>Ordinary result</b>	<b>(1.618.048)</b>	<b>(1.034.486)</b>	<b>(583.562)</b>
± Revaluations and write-downs			
<b>Result before the taxes</b>	<b>(1.618.048)</b>	<b>(1.034.486)</b>	<b>(583.562)</b>
- Income taxes			
<b>Net income</b>	<b>(1.618.048)</b>	<b>(1.034.486)</b>	<b>(583.562)</b>

#### Main balance sheet data

The reclassified balance sheet of the company compared with that of the previous year is as follows (in Euro):

	31/12/2021	31/12/2020	Variazione
Net intangible fixed assets	2.634.038	2.718.571	(84.533)
Net tangible fixed assets	636.891	488.011	148.880
Equity investments and other financial fixed assets	47.897	37.897	10.000
<b>Fixed capital</b>	<b>3.318.826</b>	<b>3.244.479</b>	<b>74.347</b>
Inventories	30.581	32.194	(1.613)
Receivables from customers	342.890	25	342.865
Other credits	578.179	815.046	(236.867)
Prepayments and accrued income	14.104	12.829	1.275
<b>Short-term operating activities</b>	<b>965.754</b>	<b>860.094</b>	<b>105.660</b>
Payables to suppliers	456.283	814.567	(358.284)
Advances	300.000		300.000
Tax and social security debts	35.223	35.270	(47)
Other debts	65.198	52.183	13.015
Accrued liabilities and deferred income	115.868		115.868
<b>Short-term operating liabilities</b>	<b>972.572</b>	<b>902.020</b>	<b>70.552</b>
<b>Net working capital</b>	<b>(6.818)</b>	<b>(41.926)</b>	<b>35.108</b>
Employee severance indemnity	36.561	32.782	3.779
Other medium and long-term liabilities	40.000	30.000	10.000
<b>Medium-long term liabilities</b>	<b>76.561</b>	<b>62.782</b>	<b>13.779</b>
<b>Capital invested</b>	<b>3.235.447</b>	<b>3.139.771</b>	<b>95.676</b>
Net assets	(3.053.755)	(2.454.544)	(599.211)
Medium / long-term net financial position	(465.238)	(690.202)	224.964
Short-term net financial position	283.546	4.974	278.572
<b>Equity and net financial debt</b>	<b>(3.235.447)</b>	<b>(3.139.772)</b>	<b>(95.675)</b>

For a better description of the financial situation of the company, the following table shows some financial ratios relating to both:

- (i) the methods of financing medium / long-term loans;
- (ii) the composition of the sources of financing, compared with the same ratios relating to the financial statements of previous years.

	31/12/2021	31/12/2020	31/12/2019
Primary structure margin	(265.071)	(789.935)	363.560
Primary structure quotient	0,92	0,76	1,12

Secondary structure margin	276.728	(27.153)	917.834
Secondary structure quotient	1,08	0,99	1,30

### Main financial data

The net financial position as at 31/12/2021 was the following (in Euro):

	31/12/2021	31/12/2020	Variazione
Bank deposits	621.144	305.822	315.322
Cash and other valuables in hand	309	573	(264)
<b>Cash and cash equivalents</b>	<b>621.453</b>	<b>306.395</b>	<b>315.058</b>
<b>Financial assets that are not fixed assets</b>			
Due to banks (within the following year)	334.792	301.421	33.371
Payables to other lenders (within the following year)	3.115		3.115
<b>Short-term financial debt</b>	<b>337.907</b>	<b>301.421</b>	<b>36.486</b>
<b>Short-term net financial position</b>	<b>283.546</b>	<b>4.974</b>	<b>278.572</b>
Due to banks (beyond the following year)	465.238	700.000	(234.762)
Financial credits		(9.798)	9.798
<b>Net financial position in the medium and long term</b>	<b>(465.238)</b>	<b>(690.202)</b>	<b>224.964</b>
<b>Net financial position</b>	<b>(181.692)</b>	<b>(685.228)</b>	<b>503.536</b>

For a better description of the financial situation, the table below shows some financial statement ratios, compared with the same ratios relating to the financial statements of previous years.

	31/12/2021	31/12/2020	31/12/2019
Primary liquidity	1,19	0,95	2,98
Secondary liquidity	1,21	0,98	3,04
Debt	0,56	0,79	0,29
Fixed asset coverage rate	1,07	0,98	1,16

### Information relating to the environment and personnel

Taking into account the social role of the company as also highlighted by the document on the management report of the National Council of Chartered Accountants and Accounting Experts, it is considered appropriate to provide the following information relating to the environment and personnel.

#### Personal

During the year, there were no serious accidents at work, nor were there any charges relating to occupational diseases on employees or former employees and causes of mobbing.

#### Environment

During the year, no damage caused to the environment occurred, nor were final penalties or penalties

imposed for crimes or environmental damage. The measures envisaged by the relevant legislation have been adopted in order to guarantee the safety of external environments from chemical risks.

Furthermore, the strategic plan, which defines the company's development lines, is mainly aimed at improving environmental performance through energy efficiency, improving waste management, environmental and production performance. In this context, G2P will consequently also elaborate strategic, economic and social objectives consistent with its corporate *mission*.

### Investments

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

	Fixed assets	Acquisitions for the year
Industrial equipment		207.510
Other assets		3.830

### Research and development activities

Pursuant to article 2428, paragraph 3, number 1, the following information is acknowledged.

As indicated in the Explanatory Note, the capitalized research and development costs are made up of salaries, wages and other costs relating to the personnel involved in the development activity, as well as collaborations with external companies and with the Department of Materials Sciences of the *University Milano Bicocca*, and are amortized at an annual rate of 20%. The capitalized amount for the year 2021 is € 388,513.

This gave rise to a credit for research and development for the year 2021 equal to € 82,432.

Both the capitalization of costs and the receivable have been added to those already determined in previous years.

### Treasury shares and shares / quotas of parent companies

The company has not acquired and / or sold, during the year, own shares and / or shares of parent companies, either directly or through trust companies and / or third parties.

### Information relating to risks and uncertainties pursuant to art. 2428, paragraph 3, in point 6-bis, of the Civil Code

Pursuant to art. 2428, paragraph 3, point 6-bis, of the Civil Code, information is provided below on the use of financial instruments, as relevant for the purpose of evaluating the equity and financial situation. More specifically, the objectives of the company management, the policies and criteria used to measure, monitor and control financial risks are as follows:

#### Credit risk

The company's financial assets must be considered to have good credit quality, with the sole exception of a trade credit which is currently under observation.

**Liquidity risk**

With reference to liquidity risk, the company has prepared a financial plan approved by the Board of Directors, together with the *Business Plan 2022-2023*, which will be monitored monthly in order to intervene promptly if necessary.

The update of the company cash flow 2022-2023 is mainly based, for the year 2022, on the collection of the 2021 VAT credit, of the contribution on the NanoFarm project in place with the autonomous province of Trento, for which the company is in the of the final report, and on a non-interest bearing shareholder loan approved by the Board of Directors and signed, to date, for approximately Euro 300,000.

**Market risk**

At the moment, there is no well-defined market risk, having not yet started to operate continuously.

**Business outlook**

In consideration of the change in *management* that took place within the BoD on 13.04.2022, following which all management powers were entrusted to the Chairman, as the new managing director, in the months of April and May 2022, a in-depth analysis of the state of the company both from a technical-production and economic-financial point of view, which led to the following management choices:

– from the **technical-production** side: a detailed *road-map* has been defined which allows to obtain by the end of the year a first marketable product which, as per *input* from the commercial sector, has been identified in a window capable of self-feeding the own functions (*smart windows*). To this end, an in-depth analysis and review of the production cycle of the nanoparticles was conducted with particular attention to the interventions necessary to fully adapt it to current regulations in terms of safety. At the same time, a study was started for the windows according to alternative *designs*, also including exposed double-sided solar cells, which should allow a significant performance improvement at the expense of a modest aesthetic impact.

– from the **economic-financial** side: a 2022-2023 Cash Flow was created and implemented to ensure business continuity for the next 12-18 months. On the cost side, *cost saving* strategies have been implemented from which, in 2022 alone, an overall saving of Euro 120-130,000 is expected, referring to lower remuneration, consultancy and general costs. This plan excludes any hypothesis of a reduction in the number of employees who, on the contrary, will most likely increase by a few units for the purpose of some technical professional figures in the NanoFarm.

This document also provides for the cost forecasts of the technical-production interventions illustrated in the previous point.

Similarly, in 2023 the aforementioned cost saving plan will be strictly maintained.

On the revenue side, the new financial plan did not include hypothetical revenues deriving from the sale of products which, although desirable, are still uncertain at present. The company will instead rely on the financial resources available at 31.12.2021, on the collection of contributions due for various reasons and on the shareholder loan to which the shareholder structure has already joined and which will be paid shortly into the company's coffers. Furthermore, Intesa San Paolo has granted a six-month moratorium on the payment of the second installment (of three) of 300,000.00, due on 30.06.2022, subject to the subscription and payment of at least an amount equal to it of the aforementioned non-interest bearing shareholder loan from cash in by June 2022.

– on the investment side, a gradual enhancement of the production capacity of nanoparticles has been hypothesized which will lead, with gradually greater investments, but in any case of reduced size and therefore sustainable by society,

– to saturate the production capacity of the environments currently available without having to make large investments or transfers in the short term. A specific expenditure forecast was also made for the aforementioned investments in the aforementioned document.

In the light of the foregoing, the budget and corporate financial plan has been remodeled on the basis of the foreseeable evolution of operational management. For this reason, the Board of Directors believes that the necessary business continuity is guaranteed, in accordance with the law.

**Revaluation of company assets pursuant to Law Decree no. 104/2020**

Your company has not made use of the right to revalue fixed assets.  
We thank you for the trust you have placed in us and invite you to approve the financial statements as presented.

Rovereto / Milan, May 31, 2022

p. the Board of Directors  
Francesco Meinardi