

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 €uro 528.812,00 i.v.

Joint report 2022 of the Board of Auditors to the Shareholders' Meeting

To the Shareholders' Meeting of GLASS TO POWER S.P.A.

Dear Shareholders,

the financial year ended 31/12/2022 represents the sixth year of company activity and reports a negative result of Euro 2,951,695.

The financial statements as of 31 December 2022 were drawn up in the perspective of non-continuity of the company activity, in consideration of the performance, at the date of preparation of this document, of the current capital increase approved for 2 million euros by the meeting of the shareholders, meeting in extraordinary session on 06.22.2023.

In fact, following the meeting of 05.29.2023, in which the board of directors had drawn up the draft financial statements as of 12.31.2022 and the related management report, based on business continuity criteria, due to the information in its possession, the board met again on 06.08.2023 to examine the company's financial situation as of 05.31.2023, update the cash situation and evaluate the information on the status of the revision of the negotiation agreement with the province of Trento, preparatory to the closing of the reporting, and the collection of the already expired installments of the contribution on the Nanofarm project.

At the end of this meeting, and having made the necessary assessments, the board resolved to call the shareholders to an extraordinary meeting on 06.22.2023 with the aim of requesting a paid capital increase of two million euros, functional to:

- as for the first million, "secure" the company from the point of view of financial commitments for the next twelve months;
- as for the second million, promote further research in the field of device efficiency and the development of sales up to 5-6 million in revenues in the three-year period 2023-2025.

The shareholders' meeting of 06.22.2023 resolved, with a very large majority of 92.01% of the voting capital present at the meeting, or 84.62% of those with the right to vote, the proposed capital increase.

However, in the initial stages of this first month of subscription, participation was decidedly lower than expected, due to the fact that particularly important members have not yet expressed their opinion.

In view of the above, and in the perspective of not reaching the minimum collection threshold, indicated as the first million euros, the Board decided, in the meeting of 07.25.2023, to proceed with the drafting of a 2022 financial statement with criteria different from the project licensed on 29.05. u.s., i.e. non-business continuity criteria.

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

Trend of social activity during 2022

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Management performance

Trend of social activity during 2022

2022 was a year characterized by the resignation of the previous CEO and CFO last April, which was followed by a management change and a significant reorganization of all the company's activities.

The main events that occurred in 2022 can be summarized as follows:

- on 17 February the company was admitted to listing on the Euronext Paris multilateral trading platform, Access Plus segment, with an initial valuation of 48 Euros/share. During the year, category A shares (shares with voting rights) were not exchanged also as a consequence of the sale block ("lock-up" agreement) signed by almost all the shareholders in possession of this type of shares. Category B shares (shares without voting rights) instead saw a rather significant initial drop in price, which was followed by a stabilization of the price around 7 Euros, and volumes very rarely traded above 100 units/day.
- The product certification has been completed according to the EU 1279 standard (building product) which together with the already obtained IEC 61730 (electrical safety) allows the marketing of our photovoltaic windows for stand-alone systems in which the energy not self-consumed cannot be sold to the distributor. In order to be able to overcome this limit, it is also necessary to obtain IEC 61215 certification (electrical safety) for which a series of preliminary data has already been collected.
- A complete review of the production plants for the nanomaterials underlying our product was started (and completed in early 2023). In particular, a new reactor that is easier to use has been installed, which guarantees greater safety standards, and which has allowed reaction times to be reduced so that an entire synthesis process can be carried out within the classic 8 hours working. Given its low cost and ease of use it can also be easily replicated to accommodate future production increases. Furthermore, the infrastructure was updated (suction, reagent storage, etc.) to adapt it to higher safety standards.
- Following the change of management following the resignation of the previous CEO and CFO, an important revision of the cost structure was carried out ("spending review") which led to the cutting, very significantly, of some operating costs of the society. In particular, expenses were cut for:
 - i) external technical consultancy, for all activities that can instead be carried out by our internal staff, if adequately trained and coordinated;
 - ii) legal advice, for the part no longer necessary for the needs of the activity carried out;
 - iii) software management products (SAP), which appeared largely oversized for the company's current needs.
- Various research projects financed by public bodies have been carried out, which although currently of modest size from a financial point of view, have made it possible to demonstrate the potential of products directly derived from the technology developed by Glass to Power in areas other than that of BIPV, including agrivoltaics and particle detection.
- European funding was obtained for a project aimed at improving the production processes of photovoltaic technologies. The value of this financing is close to 700,000 euros and was started in the first months of 2023.
- At the end of the Nanofarm project, the technical report was approved by the province of Trento. However, shortcomings were highlighted in relation to compliance with various negotiation

constraints. A renegotiation of these constraints was therefore initiated with the province itself in order to avoid a reduction in the expected contribution, if not its complete revocation. This renegotiation is currently (May 2023) being concluded positively.

- The contract signed in 2021 with the company Domutopia S.r.l. of Lissone (MB) worth almost 1,000,000 Euros was put on standby by the client, as part of a vast internal company reorganization project. The real estate operation connected to it has been taken over by another company, which is in the process of examining the projects: it is not possible at the moment to predict how it will be reviewed, nor therefore whether the use of our products will still be foreseen and therefore if in the future we will be able to count on the revenues previously agreed with Domutopia S.r.l., which will in any case be asked in writing for a formal declaration on the evolution of the project.
- Following the continuing difficulties in marketing the product developed so far by Glass to Power, in the last quarter of the year a Business Developer Manager was hired (with a fixed-term contract) to have a professional analysis of the problem and to reorganize commercial activities. The result of this sort of "due diligence" was that the limitations, both in efficiency and aesthetics, of the product developed so far still make it unsuitable for the power photovoltaic market. However, there are more niche markets (smart windows, home automation, etc...) for which the product could already be ready and it is on these that it is necessary to focus at the moment. At the same time, the research and development sector will have to work on overcoming the limits mentioned above in order to allow our product to access as quickly as possible what remains our reference market, i.e. that of power photovoltaic devices which is not only much more large but which continues to show enormous interest in transparent devices.

Social, political and trade union climate

The change of management following the resignation of the previous CEO and CFO led to the return to corporate life of the relative majority shareholder who, in addition to once again having a representative on the Board of Directors, also made two advisors available to Glass to Power to support it both from a technical and managerial point of view. The social climate is therefore extremely relaxed, collaborative, and strongly motivated to overcome the particularly critical period caused, first, by the Covid-19 pandemic and, more recently, by the strong international instability following the Russian-Ukrainian conflict. However, it should be noted that, during the last shareholders' meeting, it was not possible to reach the majority required to decide on the remuneration attributable to the members of the Board of Directors. This resulted in the continuing impossibility of recruiting an external professional figure equipped with the necessary skills to fill the role of CEO, taking care of the company full time. In the current situation, therefore, management has been delegated by the Board of Directors to the President of the company, without attributing any remuneration to him for this function. All the other members of the Board of Directors are also currently in office without any remuneration, in order to support cost reduction.

Summary of the balance sheet (data in Euro)

	31/12/2022	31/12/2021	31/12/2020
Revenues	23.032	54.810	2.499
Gross operating margin (M.O.L. or Ebitda)	(826.469)	(829.503)	(578.809)
Net operating margin (MON or Ebit)	(3.221.288)	(1.700.075)	(1.016.261)
Profit (loss) for the year	(2.951.695)	(1.618.048)	(1.034.486)
Fixed activities	1.524.487	3.318.826	3.244.479
Total net worth	102.060	3.053.755	2.454.544
Net financial position	(1.030.948)	(181.691)	(685.228)

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

	31/12/2022	31/12/2021	31/12/2020
Production value	424.186	379.167	255.050
Gross operating margin	(826.469)	(829.503)	(578.809)
Result before the taxes	(2.951.695)	(1.618.048)	(1.034.486)

Main economic data

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

	31/12/2022	31/12/2021	Variazione
Revenues from sales	23.032	54.810	(31.778)
Internal production		208.512	(208.512)
Other revenues and income (net of extraordinary components)	84.299	10.380	73.919
Operational Production Value (VP)	107.331	273.702	(166.371)
External operating costs	492.014	598.002	(105.988)
Staff Price	430.128	498.099	(67.971)
Typical miscellaneous charges	11.658	7.104	4.554
Cost of operational production	933.800	1.103.205	(169.405)
Gross Operating Margin (GOM or EBITDA)	(826.469)	(829.503)	3.034
Depreciation, write-downs and other provisions	2.394.819	870.572	1.524.247
Net Operating Margin (MON or EBIT)	(3.221.288)	(1.700.075)	(1.521.213)
Result of the financial area	(16.709)	(20.033)	3.324
Current result	(3.237.997)	(1.720.108)	(1.517.889)
Value adjustments to financial assets			
Extraordinary components	286.302	102.060	184.242
Result before the taxes	(2.951.695)	(1.618.048)	(1.333.647)
Income taxes			
Net income	(2.951.695)	(1.618.048)	(1.333.647)

Main financial data

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

	31/12/2022	31/12/2021	Variazione
Net intangible assets	900.963	2.634.038	(616.816)
Net tangible fixed assets	608.740	636.891	44.960
Equity investments and other financial fixed assets	14.784	47.897	(33.113)
Fixed capital	1.524.487	3.318.826	(604.969)
Warehouse inventories	38.768	30.581	8.187
Receivables from customers	366	342.890	(342.524)

Other credits	242.396	578.179	(335.783)
Prepayments and accrued income	4.583	14.104	(9.521)
Short-term operational activities	286.113	965.754	(679.641)
Payables to suppliers	509.175	456.283	52.892
Deposits	0	300.000	(300.000)
Tax and social security debts	23.476	35.223	(11.747)
Other debts	53.285	65.198	(11.913)
Accruals and deferred income	59.184	115.868	(56.684)
Short-term operating liabilities	645.120	972.572	(327.452)
Net working capital	(359.007)	(6.818)	(352.189)
Employee severance pay	32.473	36.561	(4.088)
Other medium and long-term liabilities		40.000	(40.000)
Medium-long term liabilities	32.473	76.561	(44.088)
Invested capital	1.133.007	3.235.447	(2.102.440)
Net Equity	(102.060)	(3.053.755)	2.951.695
Net assets	(426.300)	(465.238)	38.938
Long-term financial debts	(604.649)	283.546	(888.195)
	(1.133.009)	(3.235.447)	2.102.438

Main financial data

The net financial position as of 12/31/2022 was as follows (in Euro):

	31/12/2022	31/12/2021	Variazione
Liquid assets	43.989	621.453	(577.464)
Other current financial assets (C3)			
Current bank debts (D4 within 12m)	341.128	334.792	6.336
Other current financial liabilities (D, financial ratios within 12 m)	307.509	3.114	306.395
Net current financial debt	(604.648)	283.547	(888.195)
Payables to banks (D4 over 12 m)	426.300	465.238	(38.938)
Non-current financial debt	(426.300)	(465.238)	38.938
Net financial position	(1.030.948)	(181.691)	(849.257)

To better describe the financial situation, some financial statement indices are shown in the table below, compared with the same indices relating to the financial statements of previous years.

	31/12/2022	31/12/2021	31/12/2020
Primary liquidity	0,23	1,19	0,95
Secondary liquidity	0,26	1,21	0,98

Indebtedness	16,59	0,56	0,79
Fixed assets coverage rate	0,37	1,07	0,98

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 regarding the environment and personnel.

Human Resources

During the financial year, no serious accidents occurred at work, nor were any charges recorded regarding occupational diseases involving employees or former employees or causes of mobbing.

Environment

During the financial year, no damage was caused to the environment, nor were any definitive sanctions or penalties imposed for crimes or environmental damage. The measures required 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 develop strategic, economic and social objectives consistent with its corporate mission.

Investments

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

Fixed assets	Acquisitions during the year
Industrial equipment	87.300
Plant and machinery	21.720
Other assets	3.291

Own shares and shares/units of parent companies

The company did not acquire and/or sell, during the financial year, its own shares and/or shares of parent companies, either directly or through trust companies and/or third parties.

Pursuant to art. 2428, paragraph 3, point 6-bis of the Civil Code, information is provided below regarding the use of financial instruments, as they are relevant for the purposes of assessing the equity and financial situation.

More precisely, the company management's objectives, 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

The update of the 2023-2024 company cash flow is mainly based, for the year 2022, on the collection of the 2022 VAT credit, the contribution on the NanoFarm project underway with the autonomous province of Trento, for which the company is in the phase of the final reporting, and on the extension of the interest-free shareholder loan.

Market risk

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

Significant events that occurred after the end of the financial year and foreseeable evolution of operations

The first part of 2023 was characterized by very limited liquidity which often forced product development activities to also significantly slow down. At the moment the company has not yet managed to obtain significant revenues from the sale of the product, the industrialization of which was completed in 2022 despite the certifications already obtained. As highlighted in the due diligence commissioned to a professional Business Developer Manager in the last quarter of 2022, this is due both to the performance limits from which the product still suffers, and to the very long times that in the BIPV sector elapse between the issuance of an offer and the possible closure of a contract and which can easily reach 18-24 months. On the other hand, in the same period, much more important revenues were obtained from research projects than ever before with 300,000 Euros already collected both for services already carried out (around 40,000 Euros) and as an advance on activities to be carried out in the near future (around 260,000 EUR). Other important proceeds, again as advances on already approved research projects, are expected by the summer for a total of more than 500,000 euros. Other revenues, which are expected to materialize in the coming months, relate to supplies for a photovoltaic project financed by the PNRR (around 80,000 Euros), and within two CERN projects for which G2P has qualified as the best producer for a specific component of a particle detector (supplies for a total of 7-800,000 Euros to be made presumably between the end of 2023 and 2024). Furthermore, the renegotiation process of the financing by the province of Trento for the Nanofarm project was successfully concluded which, in the version currently agreed upon by the parties, provides for the disbursement of 3/5 of the total contribution (which amounts to approximately 1,150 euros) very soon. ,000 Euro) and the remaining 2/5 in installments of the same amount in 2024 and 2025.

In the face of these revenues which are unprecedented in the history of our society, important critical issues must however be highlighted which will have an impact on the financial needs by 31 December 2023:

- i) there is a non-negligible debt situation with 300,000 Euros of invoices already overdue and 600,000 Euros to be repaid for the loan taken out in order to carry out the Nanofarm project, of which 300,000 Euros at the end of June 2023, the remainder at June 2024; the installment due on 06.30.2023, at the date of preparation of this document, has not been paid;
- ii) while the amounts of the collections listed above are reasonably certain, the corresponding timing depends to a large extent on actors over whom G2P has no control and which could therefore lead to delays in the collection of the relevant sums;
- iii) participation in new projects is limited by the possibility of having income from other sources, to cover the co-financing part and more generally by the availability of personnel to dedicate to new activities;
- iv) to have access to the large power BIPV market, in addition to having to implement a suitable commercial structure, it is necessary to make further improvements to the product, activities that require considerable time and resources.

The critical issues highlighted above have imposed the need to identify, as quickly as possible, sources of liquidity to support the operations of the company. They may derive essentially from two sources, such as:

1. the identification of new markets; in this sense the agrivoltaic sector seems particularly interesting both for the encouraging results already obtained in a pilot project and for the rapid growth of this sector also supported by PNRR funding;
2. the contribution of own resources, deriving from the proposed share capital increase.

On 06.22.2023, with an extraordinary meeting, the company approved the capital increase operation illustrated on page 1 of this report, with the results described therein.

Destination of the operating result 2022

As a result of the effects on net equity highlighted above, from the financial statements as at 31.12.2022 it appears that the share capital has decreased by more than a third, with the consequence that the Company is therefore in the condition envisaged by the art. 2446 of the civil code.

Revaluation of company assets pursuant to Legislative 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, 18 August 2023

In signed original:

p. the Board of Directors

Francesco Meinardi