UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2024

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-41306

ALTERNUS CLEAN ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware	**87-1431377**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

17 State Street, Suite 4000, New York, NY 10004
(212) 739-0727
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 739-0727

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	ALCE	OTCQB Market
Warrants, each whole warrant exercisable for one share of Common Stock	ACLEW	OTC Pink Market

Securities registered pursuant to Section 12(g) of the Securities Exchange Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No X

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☐ No X

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company, in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	X	Smaller Reporting Company	X
Emerging Growth Company	X		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Act).

Yes: ☐ No: X

The aggregate market value of voting stock held by non-affiliates of the Registrant on June 28, 2024, based on the closing price of $9.18 for shares of the Registrant's Class A common stock as reported by The Nasdaq Stock Market, was approximately $29,500,000. Shares of common stock beneficially owned by each executive officer and director have been excluded in that such persons may be deemed to be affiliates.

The number of shares outstanding of the Registrant's common stock, par value $0.0001 per share, on June 6, 2025 was 119,718,354.

Documents Incorporated by Reference

None

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have based these forward-looking statements on our current expectations and projections about future events. All statements, other than statements of present or historical fact included in this Annual Report on Form 10-K regarding our future financial performance, as well as our strategy, future operations, financial position, estimated revenues, losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "target," "will," "would" or the negative of such terms or other similar expressions. These forward-looking statements are based on management's current expectations, assumptions, hopes, beliefs, intentions and strategies regarding future events and are based on currently available information as to the outcome and timing of future events. Although we believe such expectations and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this Annual Report on Form 10-K are not guarantees of future performance and we cannot assure any reader that such statements will be realized or that the forward-looking events and circumstances will occur.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- our ability to successfully integrate into our business and recognize the anticipated benefits of recently completed business combinations and related transactions and generate profit from their operations;

- changes in applicable laws or regulations;
- a financial or liquidity crisis;
- the effects of inflation and changes in interest rates;
- geopolitical factors, including, but not limited to, the Russian invasion of Ukraine and the Israel-Hamas war;
- the risk of global and regional economic downturns;
- the projected financial information, anticipated growth rate, and our market opportunity;
- foreign currency, interest rate, exchange rate and commodity price fluctuations;
- various environmental requirements;
- retention or recruitment of executive and senior management and other key employees;
- the possibility that Alternus may be adversely affected by other economic, business, and/or competitive factors;
- our ability to maintain an effective system of internal controls over financial reporting;
- our ability to manage its growth effectively;
- our ability to achieve and maintain profitability in the future;
- our ability to access sources of capital to finance operations and growth;
- the success of strategic relationships with third parties;

- the impact of reduction, modification or elimination of government subsidies and economic incentives (including, but not limited to, with respect to solar parks);
- the impact of decreases in spot market prices for electricity;
- dependence on acquisitions for our growth;
- inherent risks relating to acquisitions and our ability to manage its growth and changes to our business;
- risks relating to developing and managing renewable solar projects;
- risks relating to photovoltaic plant quality and performance;
- risks relating to planning permissions for solar parks and government regulation;
- the need for significant financial resources (including, but not limited to, for growth in our business);
- the need for financing in order to maintain future profitability;
- the lack of any assurance or guarantee that we can raise capital or meet its funding needs;
- our limited operating history; and
- other factors detailed herein under the section entitled "Risk Factors.”.

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Should one or more of the risks or uncertainties described in this Annual Report on Form 10-K, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. Additional information concerning these and other factors that may impact the operations and projections discussed herein may be disclosed under "Item 1A. Risk Factors” contained in Part I of this Annual Report on Form 10-K and in our periodic filings with the SEC. Our SEC filings are available publicly on the SEC’s website at www.sec.gov.

You should read this Annual Report on Form 10-K with the understanding that our actual future results, levels of activity and performance as well as other events and circumstances may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Market and Industry Data

This Annual Report on Form 10-K includes market and industry data and forecasts that Alternus has derived from publicly available information, reports of governmental agencies, various industry publications, other published industry sources and internal data and estimates. All market and industry data used herein involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we are responsible for the disclosure contained in this Annual Report on Form 10-K and we believe the information from industry publications and other third-party sources included herein is reliable, such information is inherently imprecise and we have not had this information verified by any independent sources. The industry in which Alternus operates is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section of this Annual Report on Form 10-K entitled "*Risk Factors*.” These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

SUMMARY OF RISK FACTORS

The following is a summary of some of the risks and uncertainties that could materially adversely affect our business, financial condition and results of operations. This summary should be read together with the more detailed description of each risk factor disclosed under "Item 1A: Risk Factors" contained in Part I of this Annual Report on Form 10-K.

- Our substantial indebtedness could adversely affect our business, financial condition and results of operations.
- Decreases in the spot market price of electricity could harm our revenue and reduce the competitiveness of solar parks in grid-parity markets.
- Our power purchase agreements may not be successfully completed.
- The seasonality of our Subsidiaries' operations may materially affect our business, results of operations, cash flow, and financial condition.
- The acquisition of renewable energy facilities or of companies that own and operate renewable energy facilities is subject to substantial risk.
- The delay between making significant upfront investments in solar parks and receiving revenue could materially and adversely affect our liquidity, business and results of operations.
- Solar project development is challenging and may ultimately not be successful and miscalculations in planning a project may negatively affect engineering procurement and construction ("EPC") prices, all of which could increase the costs, delay or cancel a project, and have a material adverse effect on its business, financial condition, results of operations and profit margins.
- Development activities may be subject to cost overruns or delays, which may materially and adversely affect our financial results and results of operations.
- PV plants quality or PV plants performance.
- Operation and maintenance of renewable energy projects involve significant risks that could result in unplanned outages, reduced output, interconnection or termination issues, or other adverse consequences.
- We and any third parties with which we do business may be subject to cyber-attacks, network disruptions, and other information systems breaches, as well as acts of terrorism or war that could have a material adverse effect on our business, NAV, financial condition, and results of operations, as well as result in significant physical damage to our renewable energy projects.
- We depend on certain key personnel and loss of these key personnel could have a material adverse effect on our business, financial condition and results of operations.
- We are subject to risks associated with fluctuations in the prices of PV modules and balance-of-system components or in the costs of design, construction and labor.
- Refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output.

- Our project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments.
- Business interruptions, whether due to catastrophic disasters or other events, could adversely affect Alternus' operations, financial condition and cash flows.
- Global economic conditions and any related ongoing impact of supply chain constraints and the market of our product and service could adversely affect our results of operations.
- Fluctuations in foreign currency exchange rates may negatively affect our revenue, cost of sales and gross margins and could result in exchange losses.
- If we fail to comply with financial and other covenants under debt arrangements, our financial condition, results of operations and business prospects may be materially and adversely affected.
- We are subject to counterparty risks under our FiT price support schemes.
- Our international operations require significant management resources and present legal, compliance and execution risks in multiple jurisdictions.
- The development and installation of solar energy systems is highly regulated; we may fail to comply with laws and regulations in the countries where it develops, constructs and operates solar power projects and the government approval process may change from time to time, which could severely disrupt our business operations.
- Existing rules, regulations and policies pertaining to electricity pricing and technical interconnection of customer-owned electricity generation may not continue, and changes to these regulations and policies might deter the purchase and use of solar energy systems and negatively impact development of the solar energy industry.
- Risk related to legal rights to real property in foreign countries.
- The Company conducts its business operations globally and is subject to global and local risks related to economic, regulatory, tax, social and political uncertainties.
- Recent increases in inflation and in the United States and internationally could adversely affect our business.
- The solar energy industry is a new and evolving market, which may not grow to the size or at the rate we expect.
- Our business prospects could be harmed if solar energy is not widely adopted or sufficient demand for solar energy systems does not develop or takes longer to develop than we anticipate.
- Our business has benefited from the declining cost of solar energy system components, and might be harmed to the extent that declines in the cost of such components stabilize or that such costs increase in the future.
- Although average selling prices of solar modules in many global markets have declined for several years, recent spot pricing for solar modules has increased, in part, due to elevated commodity and freight costs.
- Shortages in the supply of silicon could adversely affect the availability and cost of the solar photovoltaic modules used in our solar energy systems.

- A material reduction in the retail price of electricity charged by electric utilities or other retail electricity providers would harm our business, financial condition and results of operations.
- Electric utility statutes and regulations and changes to such statutes or regulations might present technical, regulatory and economic barriers to the purchase and use of our solar service offerings that may significantly reduce demand for such offerings.
- Technological changes in the solar power industry could render our products uncompetitive or obsolete, which could reduce our market share and cause our revenue and net income to decline.
- The ability to deliver electricity to our various counterparties requires the availability of and access to interconnection facilities and transmission systems.
- We may pursue acquisitions that involve inherent risks related to potential internal control weaknesses and significant deficiencies which may be costly for us to remedy and could impact management assessment of internal control effectiveness.
- Uncertain global macro-economic and political conditions could materially adversely affect our results of operations and financial condition.
- Our stock price is subject to volatility, which could have a material adverse impact on investors and employee retention.
- We may be unable to maintain the listing of our securities on Nasdaq in the future.
- We may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock.
- We may face litigation and other risks as a result of the Restatement of our Condensed Consolidated Financial Statements as of and for the Three Months Ended March 31, 2024.
- Adverse publicity and potential concerns from our customers relating to or arising from the Restatement could have an adverse effect on our business and financial condition.
- Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.
- If we fail to establish and maintain proper and effective internal control over financial reporting, as a public company, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

PART I

Item 1. Business

Each of the terms "Alternus," the "Company," "we," "our," "us," and similar terms used herein refer collectively to Alternus Clean Energy, Inc., formerly known as Clean Earth Acquisitions Corp., and where appropriate, our wholly owned subsidiaries.

The Company

The Company was incorporated on May 14, 2021 under the laws of Delaware and currently has 14 employees; 7 employees are located Dublin, Ireland, 2 are located at the Company's headquarters located in New York, 2 remote employees in the US and 3 are located in Europe. Our employees perform various services such as business development, finance, and management functions.

We are a comprehensive clean energy provider with a current focus on renewable energy generation with plans to expand into additional business activities in other market segments that provide sustainable operations and support a circular economy. Through strategic investments we are building a portfolio of assets poised to lead the transition to a more sustainable energy future. Alternus Clean Energy is building a comprehensive clean energy platform designed to deliver reliable power to customers 24/7- 365, in turn, supporting the global shift toward energy independence and security.

Our current energy generation activities focus on two main market segments: (1) utility-scale solar and storage facilities that connect and supply clean energy directly to national power grids under long-term offtake contracts and (2) microgrids that generate on site, 'behind-the-meter', clean energy to corporate clients that have a combination of wind, solar, and storage facilities installed within their own facilities.

The Company currently operates these businesses in North America and Europe.

Business Model

As a comprehensive renewable energy business, Alternus operates across the entire renewable energy project lifecycle, from early-stage development through construction, long-term ownership, and recurring revenue generation. Our high-value "develop-to-own or sell" model is designed to minimize capital and equity requirements while maximizing value capture throughout each project phase.

Alternus Clean Energy Project Stage Classification:

The earlier in the cycle that we acquire new projects means we retain more of the project market value created as it passes each milestone. If we acquire projects further along the value chain, then we pay more capital (and value) to third parties for those projects. The value creation at each stage results from the de-risking of the projects as they get closer to operation and as a result, attract higher valuations at the later stages as the project risk declines. This method of operation is designed to bring more of the value created during the development cycle directly to Alternus, thereby reducing equity requirements to build out a larger portfolio, as the margins captured can be reinvested in future growth. In addition, it provides greater certainty of future revenue streams as the projects owned today reach planned operation dates in the future.

We generate our new project pipeline by working closely with a cultivated network of local and international project development and strategic partners, that provide a continuous pipeline of new projects for acquisition and construction and operation.

We believe that a core benefit of being a long-term owner of these projects are the long-term recurring revenues and income, under long-term Power Purchase Agreements ("PPA"s) or via service contracts to clients created from the stable and predictable income streams as the cumulative operational portfolio grows. Every time we add a new project into the portfolio; we get a potential lift in long-term incomes that accumulates each time creating long-term sustainable value for shareholders from the recurring revenue streams.

Notwithstanding this core focus, Alternus retains the option to sell certain assets at a profit that would be immediately accretive to both income and cash and therefore reduce the need to issue additional equity to public markets to support the business. This is particularly evident in the Microgrids segment where projects that do not meet our long-term economic criteria, or where the client prefers to own the facilities directly, are sold as 'turnkey' for the full capital costs plus a margin.

Revenue Model:

Alternus generates revenues from two areas (1) sale of clean energy, under long-term offtake agreements, to national power grids (Utility Scale Solar and Storage) or to corporate clients (Microgrids) and (2) sale of turnkey solutions to clients for the full amount of capital expenditure plus a margin.

Sale of Clean Energy – Utility Scale and Storage

The clean energy generated from a Utility Scale renewable energy project is delivered directly to national utility power grids. Revenues are booked by multiplying the energy produced, measured in megawatt hours (MWh), by the energy rate attributable to the hours during the reporting period. The rates received from either local government or investment grade commercial customers are contracted under long-term contracts and/or from local energy markets at the market rates prevailing as the energy is delivered. At any one time, Alternus aims to have approximately 70% of the energy rates contracted long-term on a portfolio basis. This revenue mix creates high margin and long-term predictable income streams that provide us with more flexible debt options that we deploy in ways to maximize returns on equity.

Energy-as-a-Service (EaaS) for Corporates:

The clean energy generated from our Microgrid renewable energy facilities is delivered and consumed by corporate clients where the facilities are installed. Revenues are either booked by multiplying the energy produced, measured in kilowatt hours (KWh), by the rate paid for these hours during the reporting period, or a monthly fixed service fee as agreed with the client.

Sales of Turnkey Microgrid Facilities to Clients:

Where an energy facility or project does not meet the Company's long-term economic criteria or where the client prefers to own the facilities directly, then Alternus books revenues for these sales by billing the client for the full contracted capital costs plus an agreed margin once all of the criteria contained in the sales contract are delivered. There were no turnkey sales during 2023 or 2024.

Vision and Strategy:

We are expanding beyond our core utility solar operations by integrating microgrids and on-site generation systems that provide customers with energy resilience, grid independence, and long-term cost savings. These customer deployed systems enable faster revenue realization and lower capital intensity compared to utility scale projects.

To accelerate this transition, we are actively forming strategic partnerships and pursuing targeted ventures and acquisitions in high-growth areas such as battery storage and circular economy energy systems. These additions enhance our technical capabilities, diversify revenue streams, and strengthen our ability to meet the rising demand for consistent power driven by AI, data centers, and industrial onshoring.

This strategy builds on our foundation as an integrated independent power producer (IPP) with experience developing a portfolio of renewable energy assets across North America and Europe. By owning and operating long-term contracted energy projects, we generate stable, recurring income while unlocking lasting value for shareholders.

With strong regulatory tailwinds and rapidly growing global demand for sustainable and reliable energy, Alternus is well positioned to scale as a more comprehensive energy provider, broadening our market reach, enhancing financial performance, and advancing our mission to power a cleaner, more resilient energy future.

To achieve its goals, the Company intends to pursue the following strategies:

- Continue our growth strategy of acquiring utility scale clean energy (e.g., solar, battery storage and other technologies) projects that are either in development, in construction, newly installed or already operational, in order to build a diversified portfolio across multiple geographies;

- Pursue expansion into complementary or strategic market segments either through M&A or strategic partnerships that enhance and diversify our core energy generation business. These additional segments are designed to create independent income streams and strengthen our asset platform;

- Strengthen long-term relationships with high-quality developers and other partners, both local and international, to reduce competition in acquisition pricing and provide Alternus with exclusive rights to projects at varying stages of development. This provides the Company with a better understanding of the markets we address and, in some cases, enables it to contract for projects in a less competitive environment;

- Expand our US and European portfolio in regions with attractive returns on investments, and increase the Company's long-term recurring revenue and cash flow;

- Secure strong and predictable cash flows via long-term FiT (feed-in tariff) contracts combined with the Company's efficient operations. This allows for high leverage capacity and flexibility of debt structuring. Our strategy is to reinvest of project cash flows into additional projects to provide non-dilutive capital for Alternus to "self-fund" organic growth;

- Optimization of financing sources to support long-term growth and profitability in a cost-efficient manner;

- As a renewable energy company, we are committed to growing our portfolio of projects in the most sustainable way possible. Alternus is highly aware and conscious of the ever growing need to mitigate the effects of climate change which is evident by its core strategy. As the Company grows, it intends to establish a formal sustainability policy framework in order to ensure that all project development is carried out in a sustainable manner, mitigating any potential local and environmental impacts identified during the development, construction, and operational process.

Given the long-term nature of our business, Alternus operates with a strategic focus on sustained value creation rather than short-term quarterly performance. Our approach prioritizes maximizing long-term shareholder returns by developing projects from the ground up and acquiring assets at various stages of maturity, whether in development, under construction, or already operational. In parallel, we are expanding into complementary market segments that enhance our operational capabilities and financial performance, strengthening the foundation for consistent, scalable growth.

Our Operating Subsidiaries

As of the date of filing, the Company is a holding company that operates through operating subsidiaries, as listed in Exhibit 21.1 to this Annual Report on Form 10-K.

Competitive Strengths

The Company believes the following competitive strengths have contributed and will continue to contribute to its success:

- ***Fully Integrated Clean Energy Provider Model:***

We operate as a comprehensive energy provider, managing the full renewable energy value chain across both utility scale and behind-the-meter microgrid markets. This "develop-to-own or sell" strategy enables the Company to capture greater margin and retain control from early-stage development through to long-term operations or strategic monetization, unlike peers focused solely on operational asset acquisitions.

- ***Experienced and Adaptive Management Team:***

The leadership team brings decades of collective experience in capital markets, energy infrastructure, project development, and public company governance. Recent partnerships also bolster technical and operational capabilities in areas such as microgrids, reinforcing the Company's strategic direction.

- ***Capital-Efficient Growth Through Project-Level Leverage:***

Our approach emphasizes projects with minimal to no owner equity requirements, particularly in the U.S. where tax equity (ITC) and long-term debt can fund up to 100% of project costs. This model allows for rapid, capital-efficient scaling and high-return deployments, freeing up corporate equity for strategic growth.

- ***Transatlantic Market Footprint Mitigates Risk:***

With operations and revenue targets split between North America and Europe by 2029, Alternus is uniquely positioned to reduce geopolitical and regulatory concentration risk. The diversified presence enhances resilience and positions the Company to capture incentives from multiple clean energy policy regimes.

- ***Unique Microgrid Technology and Offerings:***

Through partnerships such as with Hover Energy, Alternus delivers differentiated microgrid solutions combining rooftop wind, solar, storage, and AI-based energy management systems. This provides a compelling and exclusive offering, particularly in the high-growth commercial and industrial market segments.

- ***Proven International Expansion and Partner Network:***

The Company's ability to enter new geographies and establish strong local partnerships has enabled consistent expansion across Europe and North America. These local relationships and Alternus' development track record provide a competitive edge in securing grid access, permits, and financing in highly competitive markets.

- ***Flexible and Technology Agnostic Strategy:***

Alternus is not tied to specific technologies or suppliers, allowing it to source best-in-class components and services globally. This flexibility supports cost optimization and futureproofing as new solutions and innovations emerge in the renewable energy space.

Competitive Landscape

The competitive landscape of the global solar market is dynamic and characterized by intense competition, technological innovation, and evolving market dynamics. The global solar market is expected to continue its strong growth trajectory, driven by the increasing urgency to transition to clean energy sources. The competitive landscape will likely remain dynamic, with companies focusing on technological innovation, cost competitiveness, and strategic partnerships to gain and maintain market share. Diversification of supply chains and the integration of energy storage solutions will be crucial trends, shaping the future of the industry.

Energy generation and infrastructure development remain capital-intensive and increasingly competitive industries. Alternus competes across various segments including utility scale solar, storage, and microgrids projects, against a broad range of market participants such as renewable energy developers, Independent Power Producers (IPPs), institutional investors, and specialist funds and other operators. Competition varies depending on the stage of project development and the segment.

In the utility scale market, the Company competes on factors such as cost of capital, technical and operational expertise, access to pipeline, speed of execution, and ability to monetize green attributes (e.g., tax credits, RECs, carbon offsets). In the microgrid space, Alternus faces competition from vertically integrated solution providers, EPC firms, and local or regional developers targeting commercial and industrial (C&I) customers.

Competitor Type	Competitor Strengths	Competitor Weaknesses	How Alternus Competes
Pension Funds / Insurance Companies	Very low cost of capital; large pools of deployable capital; preference for long-term stable returns	Typically, only acquire operational assets; avoid development and construction risk; prefer large-scale projects	Focuses on fragmented, mid-size markets and earlier-stage entry points; partners with smaller developers who are not targets for these larger funds
Energy Companies / Utilities	Strong balance sheets; vertically integrated; brand recognition	Often bureaucratic; may lack agility in smaller markets or niche segments	Offers flexible strategic partnership structures and faster execution; positions as long-term owner-operator to attract local developers and partners
Specialist Investment Funds	Agressive acquisition strategies ; flexible capital structures	Often exit-focused, limiting long-term partnerships; tend to compete for same-scale assets	Differentiates with develop-to-own/sell model, deep partner network, and exclusive ROFR agreements with developers to secure pipeline
Other IPPs / Developers	Local relationships; proven track records	Limited capital or scale; exposure to single markets or technologies	Uses transatlantic footprint, project funding structures (e.g., tax equity, ITCs), and flexible ownership/sale strategies to de-risk execution

Alternus secures pipeline by entering early into project development stages, partnering with niche and local developers, and locking in acquisition rights via strategic agreements such as right-of-first refusal (ROFR) contracts. These strategies reduce exposure to high competition bidding for operational assets, where institutional capital typically dominates.

Although the clean energy market is increasingly crowded, it remains highly fragmented. Most geographies, especially in the microgrid and distributed generation space, lack consolidation. With its public company status, strong governance, and capital-efficient model, Alternus is positioned to pursue selective M&A and joint ventures, particularly in underserved markets or adjacent technologies, enabling further strategic differentiation.

While competition is expected to intensify as markets mature and renewable energy targets are approached, the Company believes its diversified strategy, operational flexibility, and strategic focus provide sustainable competitive advantages for long-term growth and resilience.

Nevertheless, the Company expects to face increased competition in all aspects of its business, target markets and industry segments, financing options, and partner availability as markets mature as countries reach their targeted renewable energy generation.

The Market

The global energy landscape is undergoing a significant transformation, with renewable energy solutions gaining increasing prominence. The world's appetite for energy is rising at an accelerated pace, primarily driven by the power sector to meet the increasing demands of cooling, industrial consumption, the electrification of transportation, and the burgeoning growth of data centers and artificial intelligence.[1] This surge in demand necessitates a fundamental shift in how energy is generated and supplied. Traditional reliance on fossil fuels is increasingly unsustainable due to environmental concerns and the finite nature of these resources, positioning renewable energy as a critical and viable alternative.

1 Global Energy Review 2025 – Analysis - IEA, accessed May 1, 2025, https://www.iea.org/reports/global-energy-review-2025

Projections indicate that renewable sources are on track to meet almost half of the global electricity demand by the end of this decade, with solar power taking the lead in this remarkable expansion.[2] This signifies a major restructuring of the global power mix, underscoring the increasing cost-competitiveness and overall viability of renewable energy technologies. The International Energy Agency (IEA) projects that global renewable electricity generation is forecast to climb to over 17,000 terawatt-hours (TWh) by 2030, an increase of almost 90% from 2023. This capacity would be sufficient to meet the combined power demand of China and the United States in 2030.[3]

Drivers for Renewable Energy Adoption:

Climate Change and Environmental Impact: The combustion of fossil fuels for energy production stands as the primary driver of greenhouse gas emissions, which are responsible for global warming and widespread environmental damage. As the impacts of climate change become increasingly severe and evident, there is an urgent and growing need to transition to cleaner energy sources. Renewable energy sources, in contrast to fossil fuels, emit minimal to no greenhouse gases during their operational phase. This fundamental difference underscores the direct environmental benefit of adopting renewable energy technologies as a key strategy in combating climate change. Renewable energies play a crucial role in reducing overall Greenhouse Gas (GHG) emissions, thereby contributing to improved air quality and a significant mitigation of the adverse effects of climate change.

Energy Security and Independence: National dependence on fossil fuels, particularly oil and gas, has historically exposed many nations to geopolitical risks and potential disruptions in supply. Renewable energy sources, such as solar, wind, hydro, and geothermal, offer a pathway to enhance energy security as they can be developed locally, thereby decreasing reliance on imported fuels and bolstering a nation's energy independence. These renewable resources are available in virtually all countries, providing a viable route to reduce import dependency and allowing nations to diversify their economies while shielding them from the unpredictable price fluctuations associated with fossil fuels. Expanding renewable power capacity rapidly and strategically not only addresses immediate energy security concerns but also offers a sustainable solution for the long-term. This dynamic is also now driving microgrid deployments as corporates seek energy independence from creaking and overworked and increasingly scarce grid connectivity and performance.

Economic Advantages: Renewable energy has largely emerged as the most economically competitive option for new power generation. The prices for renewable energy technologies have been dropping rapidly in recent years. For instance, the cost of electricity from solar power fell by 85% between 2010 and 2020, while the costs of onshore and offshore wind energy decreased by 56% and 48%, respectively.[4] This increasing cost-competitiveness makes renewable energy an increasingly attractive choice compared to traditional fossil fuel-based generation. Furthermore, investments in renewable energy infrastructure not only stimulate local economies through job creation but also contribute to lower energy costs for consumers and businesses over time. The growth of the renewable energy sector has already generated millions of jobs worldwide and continues to attract substantial capital investment, positioning it as a key driver of economic growth and job creation in the future.

Long-term Investment Opportunities: The transition towards clean energy is expected to maintain its momentum, driven by the growth of cleantech manufacturing, advancements in artificial intelligence, and the increasing importance of carbon markets. These sectors are generating significant demand for renewable energy, creating substantial investment opportunities in the renewable energy supply chain. While investment in renewable energy has reached record levels, further capital is essential to meet the ambitious global targets for decarbonization. This persistent need for investment presents a long-term potential for financial returns in the renewable energy sector. The declining costs of renewable energy technologies are making them increasingly competitive with fossil fuels, further enhancing their attractiveness as investment options.

2 Renewables could meet almost half of global electricity demand by 2030 – IEA | Electrek, accessed May 1, 2025, https://electrek.co/2024/10/08/renewables-could-meet-almost-half-of-global-electricity-demand-by-2030-iea/

3 Renewables - Energy System - IEA, accessed May 1, 2025, https://www.iea.org/energy-system/renewables

4 Renewable energy – powering a safer future | United Nations, accessed May 1, 2025, https://www.un.org/en/climatechange/raising-ambition/renewable-energy

Global Solar Market:

Solar continues to be the fastest growing and most cost-effective source of renewable energy globally. In 2023, the world added 447 GW of solar capacity, a growth of 87% over 2022, marking yet another record year for the industry. This brought the global installed solar capacity to 1,624 GW, exceeding the terawatt milestone reached in May 2022. Solar represented 78% of all new renewable capacity added in 2023, outpacing both fossil fuels and other clean energy sources. Despite this growth, solar still only accounts for 5.5% of global electricity demand, highlighting the enormous runway ahead.[5]

The global market for the engineering, procurement, and construction (EPC) of utility-scale solar photovoltaic (PV) projects is poised for significant expansion. Projections indicate growth from $61.94 billion in 2024 to $98.86 billion in 2029, representing a compound annual growth rate (CAGR) of 9.5%.[6]

This growth is primarily driven by the increasing global demand for electricity and a strong push towards renewable energy sources to mitigate climate change. Globally, renewable energy capacity is anticipated to grow substantially by 2030, with utility-scale solar PV expected to constitute the majority of this newly added capacity. Large-scale solar farms offer an efficient means of adding significant amounts of renewable energy to the grid, benefiting from economies of scale and technological advancements. The integration of energy storage solutions with utility-scale solar projects is also becoming an increasingly prevalent trend, aimed at enhancing grid stability and ensuring power availability even when solar generation fluctuates.

Overall, the global utility-scale solar market is demonstrating a consistent growth trajectory, fueled by favorable economics, supportive government policies, and the imperative to transition to cleaner energy sources.

Global Microgrid Market:

Growing demand for dependable energy, integration of renewable energy, energy security, regulatory backing, improvements in energy storage technology, and the requirement for sustainable, decentralized power solutions are the main factors propelling the microgrid industry. A microgrid is a local electric system, which can provide power either in parallel or isolation from electric grids. Shifting inclination from remote central station power plants to more localized and distributed generation for enhanced reliability, resiliency, and energy in cities, communities, and campuses is projected to have a substantial impact on market progress.

According to Market Digits, the global microgrid market demonstrated significant value in 2022, reaching USD 35.1 billion, and is projected to experience substantial growth, potentially reaching USD 108.1 billion by 2030.[7] This represents a compound annual growth rate (CAGR) of 15.1%. Astute Analytica in April 2025 estimates the global microgrid market at USD 40.08 billion in 2024, with an even more optimistic projection of USD 191.01 billion by 2033, indicating a robust CAGR of 19.28% during the period of 2025–2033. Research and Markets forecasts the global microgrid market to exceed USD 163.17 billion in total revenues by 2033, growing from an estimated USD 41.69 billion in 2024 at a CAGR of 16.37% from 2025 to 2033.[8] Meanwhile Grandview Research estimates the global market size at USD 76.88 billion in 2023 and anticipates reaching USD 224.34 billion by 2030, with a CAGR of 17.1% from 2024 to 2030.[9]

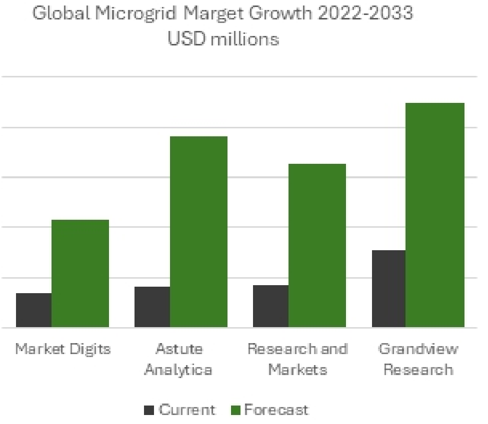
5 SolarPower Europe, Global Market Outlook for Solar Power 2024–2028

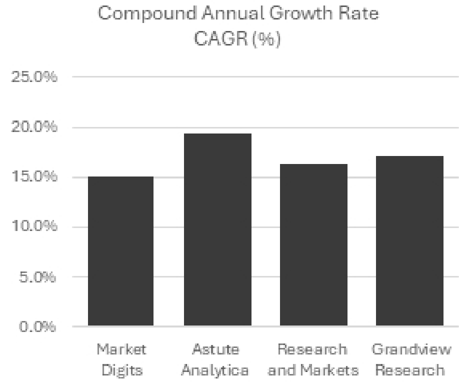
6 Growth Trends in the Utility Solar PV EPC Market, 2025-2029 – GlobeNewswire, May 1, 2025.

7 Microgrid Market Size, Share & Growth Analysis Report 2030 - Grand View Research, accessed May 1, 2025, https://www.grandviewresearch.com/industry-analysis/microgrid-market

8 Microgrid Market Set To Attain Valuation of US$ 191.01 Billion by 2033 | Astute Analytica, accessed May 1, 2025, https://www.globenewswire.com/news-release/2025/04/29/3070445/0/en/Microgrid-Market-Set-To-Attain-Valuation-of-US-191-01-Billion-by-2033-Astute-Analytica.html

9 Microgrid Market Size, Share & Growth Analysis Report 2030 - Grand View Research, accessed May 1, 2025, https://www.grandviewresearch.com/industry-analysis/microgrid-market





This consistent trend across multiple reports, despite slight variations in absolute figures, underscores the strong growth momentum in the global microgrid market. The overarching theme is a robust CAGR, generally ranging from 15% to 19% over the forecast period, signaling a significant expansion in the global microgrid market driven by similar underlying factors.

Alternus Specific Markets – US and Europe

Alternus operates across two primary regions: US and Europe. Both markets are undergoing a once-in-a-generation transition from fossil fuels to renewable energy, driven by a convergence of climate policy, energy security, and surging power demand, particularly from artificial intelligence (AI) growth and the reshoring of industrial activities in the U.S.

United States

In the U.S., the Inflation Reduction Act (IRA) has dramatically reshaped the renewables landscape by extending and expanding tax equity incentives and other financial tools designed to accelerate deployment through 2030. These measures have created a predictable investment environment and made clean energy development, particularly solar, storage, and microgrids, more financially attractive.

The United States utility-scale solar sector witnessed record-breaking capacity additions in 2024, demonstrating strong growth in the market for large solar energy projects. Projections from the US Energy Information Administration (EIA) indicate continued growth in solar capacity through the end of 2025. This sustained expansion is expected despite potential uncertainties in federal energy policy, as the underlying demand for clean energy continues to rise. However, a significant challenge that is anticipated to persist in 2025 and beyond is the presence of interconnection bottlenecks and transmission congestion. These limitations in grid infrastructure pose a barrier to the rapid deployment of utility-scale solar projects, impacting commissioning schedules and increasing project costs. While the Inflation Reduction Act has provided a substantial boost to the sector through incentives like the Investment Tax Credit (ITC), the development of adequate grid infrastructure needs to keep pace to support the continued expansion of utility-scale solar in the United States. It has been this market dynamic that Alternus addressed by expanding into microgrid solutions that do not have such constraints, are faster to revenues and have lower capex requirements.

The US microgrid market is anticipated to experience substantial expansion, with projections indicating a reach of USD 58 billion by 2030. This growth is expected to occur at a CAGR of 15.6% from 2024 to 2030.[10] This significant market growth is driven by an increasing demand for reliable power, especially in the face of extreme weather events, and the growing integration of renewable energy sources into the power grid. Another analysis presents a more conservative estimate, valuing the US microgrid market at USD 7.9 billion in 2024 and forecasting it to reach USD 24.4 billion by 2033, with a CAGR of 13.3% from 2025-2033.[11] A third source estimates the US microgrid market at USD 27.4 billion in 2023, projecting a reach of USD 49.2 billion by 2030 with a CAGR of 8.7%.[12] This represents the most conservative growth estimate among the reports. However, despite these differences, all reports concur that the US microgrid market is poised for significant growth over the next five years, with CAGRs ranging from 8.7% to 15.6% and the projected market size in 2030 expected to be considerably larger than current valuations.

Europe

In Europe, the market has been further catalyzed by recent geopolitical instability, which has shifted the energy narrative from climate action alone to one centered on energy independence. European Commission President Ursula von der Leyen summarized this shift by stating *"Energy security is one of the most pressing topics for Europe. The EU will diversify away from Russian fossil fuels and will invest heavily in clean renewable energy."*

With ambitious renewable energy targets, forecasted to more than quadruple generation capacity by 2030, the EU has introduced robust regulatory and financial support to accelerate the energy transition.[13]

The utility scale solar market in the European Union reached a new peak in capacity additions in 2024, although the rate of annual growth has decelerated compared to previous years. While the market continues to expand, this slowdown could be attributed to various factors such as grid infrastructure limitations and evolving incentive schemes for solar installations. Notably, utility-scale solar emerged as the largest market segment in the EU in 2024, surpassing residential rooftop solar installations in terms of market share. This shift indicates a growing focus on larger solar projects that can contribute significantly to achieving national and EU-wide renewable energy targets. Looking ahead, the European solar market is expected to experience more moderate annual growth rates, projected to be in the low single digits (3-7%) between 2025 and 2028. This stabilization in growth reflects the emergence of structural challenges, including grid bottlenecks and the increasing need for grid flexibility to accommodate the growing share of variable renewable energy. While rooftop solar has played a vital role in the past, utility-scale projects are now taking the lead in the European market, highlighting their importance in the region's energy transition. Addressing grid infrastructure and implementing policies that promote grid flexibility will be crucial for sustaining the growth of utility-scale solar in Europe in the coming years.

The European microgrid market held a valuation of USD 2.9 billion in 2023, according to UnivDatos, and is projected to experience substantial growth, reaching USD 11.7 billion by 2032. This represents a strong CAGR of approximately 17.3% during the forecast period of 2024-2032. This growth is propelled by the increasing necessity to upgrade aging electricity infrastructure across the region and the implementation of off-grid electricity solutions, particularly in rural areas. Furthermore, the rapid transition towards electric vehicles in Europe has led to an increase in EV charging stations, many of which are powered by microgrids, further driving demand. Databridge market research predicts the Europe microgrid market to reach USD 87.6 billion by 2032 from USD 25.0 billion in 2024, with a CAGR of 17.07% during 2025-2032. The UK, a core market for Alternus, is identified as a key growth area, with its microgrid market projected to reach USD 9.4 billion by 2030, making it the fastest-growing regional market in Europe. Databridge see this rapid growth in the UK as likely driven by supportive regulatory frameworks and increasing investments in smart grid technologies.

10 US Microgrid Market Size & Outlook, 2023-2030 - Grand View ..., accessed May 1, 2025, https://www.grandviewresearch.com/horizon/outlook/microgrid-market/united-states

11 U.S. Microgrid Market Size, Trends and Analysis Report 2033 - IMARC Group, accessed May 1, 2025, https://www.imarcgroup.com/united-states-microgrid-market

12 Microgrid Market | Size, Share, Growth | 2024 - 2030, accessed May 1, 2025, https://virtuemarketresearch.com/report/microgrid-market

13 Energy Europa, accessed May 2, 2025, https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en

Key Collaborating Partners

Alternus works with large expert advisors to ensure the projects acquired are suitable and in-line with local and governmental laws, technologically sound and within appropriate operational parameters. All potential acquisitions undergo extensive and detailed due diligence and verification before completion.

Facilities and Corporate Information

Our headquarters are located at 17 State Street, Suite 4000, New York, NY 10004. Our main telephone number is (212) 739-0727. Our website is https://alternusce.com

Government Regulations

Environmental:

The Company is subject to environmental laws and regulations in the jurisdictions in which it owns and operates renewable energy facilities. These laws and regulations generally require that government permits and approvals be obtained and maintained both before construction and during operation of these renewable energy facilities. The Company incurs costs in the ordinary course of business to comply with these laws, regulations, and permit requirements. The Company does not anticipate material capital expenditures for environmental compliance for its renewable energy facilities in the next several years. While the Company does not expect that the costs of compliance would generally have a material impact on its business, financial condition or results of operations, it is possible that as the size of its portfolio grows, it may become subject to new or modified regulatory regimes that may impose unanticipated requirements on the business as a whole that the Company did not anticipate with respect to any individual renewable energy facility. Additionally, environmental laws and regulations frequently change and often become more stringent, or subject to more stringent interpretation or enforcement, and therefore future changes could require the Company to incur materially higher costs which could have a material negative impact on its financial performance or results of operations.

Regulatory Matters, Government Legislation, and Incentives:

As the size of the Company's portfolio grows, or as applicable rules and regulations evolve, it may become subject to new or modified regulatory regimes that may impose unanticipated requirements on the business as a whole that were not anticipated with respect to any individual renewable energy facility. Any local, state, federal or international regulations could place significant restrictions on the Company's ability to operate its business and execute its business plan by prohibiting or otherwise restricting the sale of electricity. If the Company was deemed to be subject to the same state, federal or foreign regulatory authorities as traditional utility companies, or if new regulatory bodies were established to oversee the renewable energy industry in Europe or in international markets, its operating costs could materially increase, adversely affecting results of operations.

Available Information

Our website address is https://alternusce.com. We make available on our website, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding our filings at www.sec.gov. The information found on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report we file with or furnish to the SEC.

Item 1A. Risk Factors.

Investing in us involves a high degree of risk. Before you invest in us, you should carefully consider the following risks, as well as general economic and business risks, and all of the other information contained in this Annual Report on Form 10-K. Any of the following risks could have a material adverse effect on our business, operating results and financial condition and cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. When determining whether to invest, you should also refer to the other information contained in this Annual Report on Form 10-K, including our financial statements and the related notes thereto, and the other financial information concerning us included elsewhere in this Annual Report on Form 10-K.

We cannot assure you that we will achieve or maintain profitability and our auditor has expressed substantial doubt about our ability to continue as a going concern.

We will need to raise additional working capital to continue our normal and planned operations. We will need to generate and sustain significant revenue levels in future periods in order to become profitable, and, even if we do, we may not be able to maintain or increase our level of profitability. In addition, as a public company, we will incur accounting, legal and other expenses. These expenditures will make it necessary for us to continue to raise additional working capital. Our efforts to grow our business may be costlier than we expect, and we may not be able to generate sufficient revenue to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays and other unknown events. Accordingly, substantial doubt exists about our ability to continue as a going concern and we cannot assure you that we will achieve sustainable operating profits as we continue to expand our business, and otherwise implement our growth initiatives.

The financial statements included with this Annual Report have been prepared on a going concern basis. We may not be able to generate profitable operations in the future and/or obtain the necessary financing to meet our obligations and pay liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. These factors raise substantial doubt that we will be able to continue as a going concern. We plan to continue to provide for our capital needs through sales of our securities and/or other financing activities. Our financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Our substantial indebtedness could adversely affect our renewable energy business, financial condition and results of operations.

We believe that our substantial indebtedness will increase. As of December 31, 2024, we had $23.6 million in outstanding short-term borrowing. It is likely that we will continue to be highly leveraged. The degree to which we remain leveraged could have important consequences to stockholders of the Company, including, but not limited to:

- making it more difficult for the Company to satisfy its obligations with respect to its other debt and liabilities;
- increasing the Company's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the cash flow of the Company from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow and limiting the ability to obtain additional financing to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes, such as payments to suppliers for PV modules and balance-of-system components and contractors for design, engineering, procurement, and construction services;
- limiting the Company's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which it operates; and
- placing the Company at a competitive disadvantage as compared to its competitors, to the extent that they are not as highly leveraged.

If the Company incurs new debt or other obligations, the related risks the Company now faces, as described in this risk factor and elsewhere in these "*Risk Factors*," could intensify.

Our business as a renewable energy company requires significant financial resources, and our growth prospects and future profitability depends to a significant extent on the availability of additional funding options with acceptable terms.

Our principal resources of liquidity to date have been cash from our operations and borrowings from banks and our shareholders. We have leveraged bank facilities in certain countries in order to meet working capital requirements for its activities. Our principal use of cash has been for pipeline development, working capital, and general corporate purposes.

We will require significant amounts of cash to fund the acquisition, development, installation, and construction of our projects and other aspects of our operations. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions it may decide to pursue in order to remain competitive. Historically, we have used bank loans, bridging loans, and third-party equity contributions to fund its project acquisition and development. We expect to seek to expand our business with third-party financing options, including bank loans, equity partners, financial leases, and securitization. However, it cannot be guaranteed that we will be successful in locating additional suitable sources of financing in the time periods required or at all, or on terms or at costs that it finds attractive or acceptable, which may render it impossible for us to fully execute our growth plan.

Any debt financing may require restrictive covenants and additional funds may not be available on terms commercially acceptable to us, *vis-à-vis* acquired assets and subsidiaries. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

We are a holding company that relies on distributions and other payments, advances and transfers of funds from our subsidiaries to meet our obligations.

We have no direct operations and derive all our revenue and cash flow from our subsidiaries. Because we conduct our operations through subsidiaries, we depend on those entities for payments or distributions in order to meet our obligations. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could limit or impair their ability to pay us and adversely affect our operations.

The reduction, modification or elimination of government subsidies and economic incentives may reduce the economic benefits of existing solar parks and the opportunities to develop or acquire suitable new solar parks.

Government subsidies and incentives have primarily been in the form of FiT price support schemes, tax credits, net metering, and other incentives to end-users, distributors, system integrators and manufacturers of solar energy products. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns in a given country. Changes in policies could lead to a significant reduction in, or discontinuation of, the support for renewable energies in such country, which could, in turn, have a material adverse effect on our business, financial condition, results of operations, and prospects.

Decreases in the spot market price of electricity could harm our revenue and reduce the competitiveness of solar parks in grid-parity markets.

The price of electricity from our solar parks is fixed through PPAs or FiTs for a majority of its owned capacity. A FiT is a policy designed to support the development of renewable energy sources by providing a guaranteed, above-market price for producers. FiTs usually involve long-term contracts, anywhere from 15 to 20 years, whereas the PPAs that currently provide the additional revenue are typically renewed and may be terminated annually. In countries where the price of electricity is sufficiently high such that solar parks can be profitably developed without the need for government price supports, solar parks may choose not to enter into PPAs and would instead sell based on the spot market price of electricity. Revenue for our solar parks in Italy and Romania could fluctuate with the electricity spot market after the expiration of any PPA, unless it is renewed. The market price of electricity can be subject to significant fluctuations.

Decreases in the spot price of electricity in such countries could render PV energy less competitive compared to other forms of electricity. Thus, the spot market price of electricity may have a material adverse effect on our business, results of operations, cash flows, and financial condition.

Our power purchase agreements may not be successfully completed.

Payments by power purchasers under a PPA may provide the majority of a Subsidiary's or a project's cash flows. There can be no assurance that any or all of the power purchasers will fulfill their obligations under their PPAs or that a power purchaser will not become bankrupt, or that upon any such bankruptcy, its obligations under its respective PPA will not be rejected by a bankruptcy trustee. There are also additional risks relating to PPAs, including the occurrence of events beyond the control of a power purchaser that may excuse it from its obligation to accept and pay for the delivery of energy generated by the project company's plant. The failure of a power purchaser to fulfill its obligations under any PPA or the termination of any PPA may have a material adverse effect on the respective project or project company and therefore on us.

The seasonality of our Subsidiaries' operations may materially affect our business, results of operations, cash flows, and financial condition.

The energy production industry is subject to seasonal variations as well as other significant events. For instance, the amount of electricity and revenues generated by our solar generation facilities is dependent in part, on the amount of sunlight, or irradiation, where the assets are located. Due to shorter daylight hours in winter months, there is less irradiation and the generation produced by these facilities will vary depending on the season.

The seasonality of our energy production may create increased demands on liquidity during periods when cash generated from operating activities are lower and we may also require additional equity or debt financing to maintain its solvency, which may not be available when required or available on commercially favorable terms. Thus, the Company may struggle to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy productions. Other significant events and seasonal variations may adversely affect the Company's business, results of operations, cash flows, and financial condition.

The acquisition of renewable energy facilities or of companies that own and operate renewable energy facilities is subject to substantial risk.

A significant part of our business model has been to acquire new renewable energy facilities and companies that own and operate renewable energy facilities. Acquisition of renewable energy facilities or of companies that own and operate renewable energy facilities is subject to substantial risk. While we believe that we have performed adequate due diligence on prospective acquisitions, we may not have been able to discover all potential operational deficiencies in such renewable energy facilities. In addition, our expectations for the operating performance of newly constructed renewable energy facilities as well as those under construction are based on assumptions and estimates made without the benefit of an operating history.

If we consummate any future acquisition, in line with our business model, our capitalization and results of operations may change significantly, and shareholders will generally not have the opportunity to evaluate the economic, financial and other relevant information that we consider in determining the application of these funds and other resources. As a result, the consummation of acquisitions may have a material adverse effect on the our business, financial condition, results of operations and cash flows.

Further, we may not be able to successfully integrate acquired businesses and, where desired, their product portfolios, and therefore the Company may not be able to realize the intended benefits of such acquisitions. The failure to integrate acquired businesses effectively may adversely impact the our business, results of operations or financial condition.

The delay between making significant upfront investments in solar parks and receiving revenue could materially and adversely affect our liquidity, business and results of operations.

There are generally multiple months between the initial significant upfront investments in solar parks, solar park development and obtaining permits to build solar parks which we expect to own and operate and when we begin to receive revenues from the sale of electricity generated by such solar parks after grid connection. Historically, we have relied on third-party equity contribution, bridging and bank loans to pay for costs and expenses incurred during project development, especially to third parties for PV modules and balance-of-system components and EPC and O&M services. Such investments may be non-refundable. Solar parks typically generate revenue only after becoming commercially operational and once they are able to sell electricity to the power grid. Between our initial investments in the development of solar parks (through its model of working with local developers) and their connection to the transmission grid, there may be adverse developments impacting such solar parks. The timing gap between its upfront investments and actual generation of revenue, or any added delay due to unforeseen events, could put strains on our liquidity and resources and materially and adversely affect its profitability and results of operations.

We may experience delays related to developing and maintaining renewable energy projects.

Development of solar power projects can take many months or years to complete and may be delayed for reasons beyond its control. Development usually requires a company to make some up-front payments for, among other things, land/rooftop use rights and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Furthermore, we may become constrained in our ability to simultaneously fund other investments in such projects.

Development, operation and maintenance of renewable energy projects and related infrastructure expose us to numerous risks, including construction, environmental, regulatory, permitting, commissioning, start-up, operating, economic, commercial, political and financial risks. This involves risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; (iii) leasing; and (iv) suitable equipment supply, operating and off-take contracts. Moreover, renewable energy assets are subject to energy regulation and require governmental licenses and approval for their operation. The failure to obtain, maintain or comply with the licenses and approvals relating to our assets and the resulting costs, fines and penalties, could materially and adversely affect our ability to operate the assets. Renewable energy projects also require significant expenditure before the assets begin to generate income and often require long-term investment to enable projects to generate expected levels of income. The development of solar power projects also requires significant management attention to negotiate the terms of engagement and monitor the progress of the projects which may divert management's attention from other matters.

Solar project development is challenging and may ultimately not be successful and miscalculations in planning a project may negatively affect engineering procurement and construction ("EPC") prices, all of which could increase the costs, delay or cancel a project, and have a material adverse effect on its business, financial condition, results of operations and profit margins.

The development of solar projects involves numerous risks and uncertainties and requires extensive research, planning and due diligence. We may be required to incur significant amounts of capital expenditure for land/rooftop use rights, interconnection rights, preliminary engineering, permits, legal and other expenses before we can determine whether a solar power project is economically, technologically or otherwise feasible. Success in developing a solar power project is contingent upon, among other things:

- securing investment or development rights;
- securing suitable project sites, necessary rights of way, satisfactory land/rooftop use or access rights in the appropriate locations with capacity on the transmission grid and related permits, including completing environmental assessments and implementing any required mitigation measures;
- rezoning land, as necessary, to support a solar power project;
- negotiating satisfactory EPC agreements;
- negotiating and receiving required permits and approvals for project development from government authorities on schedule;
- completing all required regulatory and administrative procedures needed to obtain permits and agreements;
- procuring rights to interconnect the solar power project to the electric grid or to transmit energy;
- paying interconnection and other deposits, some of which are non-refundable;

- signing grid connection and dispatch agreements, power purchase agreements, or PPAs, or other arrangements that are commercially acceptable, including adequate for providing financing;

- obtaining project financing, including debt financing and own equity contribution;

- negotiating favorable payment terms with suppliers; and

- completing construction on schedule in a satisfactory manner.

Successful completion of a particular solar project may be adversely affected by numerous factors, including without limitation:

- unanticipated changes in project plans or defective or late execution;

- difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;

- potential challenges from local residents, environmental organizations, and others who may not support the project;

- uncertainty in the timing of grid connection;

- the inability to procure adequate financing with acceptable terms;

- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;

- labor, equipment and materials supply delays, shortages or disruptions, or work stoppages;

- adverse weather, environmental and geological conditions, force majeure and other events outside of owner's control; and

- cost overruns, due to any one or more of the foregoing factors.

Accordingly, some of the solar power projects in our pipeline may not be completed or even proceed to construction. If several solar power projects are not completed, our business, financial condition and results of operations could be materially and adversely affected.

Development activities may be subject to cost overruns or delays, which may materially and adversely affect our financial results and results of operations.

Development of our solar power projects may be adversely affected by circumstances outside of its control, including inclement weather, a failure to receive regulatory approvals on schedule or third-party delays in providing solar modules, inverters or other materials. Obtaining full permits for solar power projects is time consuming and we may not be able to meet the expected timetable for obtaining full permits for solar power projects in the pipeline. In addition, we usually rely on external contractors for the development and construction of solar power projects and may not be able to negotiate satisfactory agreements with them. If contractors do not satisfy their obligations or do not perform work that meets our quality standards or if there is a shortage of third-party contractors or if there are labor strikes that interfere with the ability of employees or contractors to complete their work on time or within budget, we could experience significant delays or cost overruns. Changes in project plans or designs, or defective or late execution may increase our costs and cause delays. Increases in the prices of solar products and balance-of-system components may increase procurement costs. Labor shortages, work stoppages or labor disputes could significantly delay a project or otherwise increase costs. In addition, delays in obtaining, our inability to obtain, or a lack of proper construction permits or post-construction approvals could delay or prevent the construction of solar power projects, commencing operation and connecting to the relevant grid.

We may not be able to recover any of these losses in connection with construction cost overruns or delays. In addition, in certain cases of delay, we might not be able to obtain any FiT or PPA at all, as certain FiTs or PPAs require that it connects to the transmission grid by a certain date. A reduction or forfeiture of FiT or PPA payments would materially and adversely affect the financial results and results of operations for that solar power project.

PV plants quality or PV plants performance.

Insufficient quality of installed solar modules and other equipment resulting in faster than estimated degradation may lead to lower revenues and higher maintenance costs, particularly if the product guarantees have expired or the supplier is unable or unwilling to respect its obligations. Even well-maintained high-quality PV solar power plants may, from time to time, experience technical breakdown. Furthermore, widespread PV plant failures may damage our market reputation, reduce its market share and cause a decline of construction projects. Although a defect in our PV plants may be caused by defects in products delivered by its sub-suppliers which are incorporated into its PV plants, there can be no assurance that we will be entitled to or successful in claiming reimbursement, repair, replacement or damages from its sub-suppliers relating to such defects.

Our holding companies have a significant number of foreign subsidiaries with whom they have entered into many related party transactions. The relationship of such holding companies with these entities could adversely affect us in the event of their bankruptcy or similar insolvency proceeding.

Any reductions or modifications to, or the elimination of, governmental incentives or policies that support solar energy, including, but not limited to, tax laws, policies and incentives, renewable portfolio standards or feed-in-tariffs, or the imposition of additional taxes or other assessments on solar energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new solar energy projects, our abandoning the development of solar energy projects, a loss of our investments in solar energy projects and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We depend heavily on government policies that support utility scale renewable energy and enhance the economic feasibility of developing and operating solar energy projects in regions in which we operate or plan to develop and operate renewable energy facilities. The federal government and a majority of state governments in the United States provide incentives, such as tax incentives, renewable portfolio standards or feed-in-tariffs, that support or are designed to support the sale of energy from utility scale renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, our abandoning the development of renewable energy projects, a loss of our investments in the projects and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (the " **IRA**"), which extended the availability of investment tax credits ("**ITCs**") and production tax credits ("**PTCs**"). On January 20, 2025 President Trump was inaugurated and his administration could reduce the amount of ITCs or PTCs available to us and/or our tax equity partners. In this event, we could be required to adjust the terms of future tax equity partnerships, or seek alternative sources of funding for solar energy projects, each of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Operation and maintenance of renewable energy projects involve significant risks that could result in unplanned outages, reduced output, interconnection or termination issues, or other adverse consequences.

There are risks associated with the operation of our projects. These risks include:

- greater or earlier than expected degradation, or in some cases failure, of solar panels, inverters, turbines, gear boxes, blades, and other equipment;

- catastrophic events, such as fires, earthquakes, severe weather, tornadoes, ice or hail storms or other meteorological conditions, landslides, and other similar events beyond our control, which could severely damage or destroy a project, reduce its energy output, result in property damage, personal injury, or loss of life, or increase the cost of insurance even if these impacts are suffered by other projects as is often seen following events like high-volume wildfire and hurricane seasons;
- technical performance below projected levels, including the failure of solar panels, inverters, gear boxes, blades, and other equipment to produce energy as expected, whether due to incorrect measures of performance provided by equipment suppliers, improper operation and maintenance, or other reasons;
- increases in the cost of operating the projects, including costs relating to labor, equipment, unforeseen or changing site conditions, insurance, regulatory compliance, and taxes;
- the exercise by PPA counterparties of options present in certain PPAs to purchase the underlying project for a fixed price that may be lower than the fair market value or our NAV attributable to such project at such time;
- storm water or other site challenges;
- the discovery of unknown impacts to protected or endangered species or habitats, migratory birds, wetlands or other jurisdictional water resources, and/or cultural resources at project sites;
- the inability to sell power following the termination of offtake contracts;
- errors, breaches, failures, or other forms of unauthorized conduct or malfeasance on the part of operators, contractors, or other service providers;
- cyber-attacks targeted at our projects as a way of attacking the broader grid or the ISO, or a failure by us or our operators to comply with NERC cyber-security regulations aimed at protecting the grid from such attacks;
- design or manufacturing defects or failures, including defects or failures that are not covered by warranties or insurance;
- loss of interconnection capacity, and in turn the ability to deliver power under our PPAs, due to grid or system outages or curtailments beyond our or our counterparties' control;
- insolvency or financial distress on the part of any of our service providers, contractors, or suppliers, or a default by any such counterparty for any other reason under its warranties or other obligations to us;
- breaches by us and certain events, including force majeure events, under certain PPAs and other contracts that may give rise to a right of the applicable counterparty to terminate such contract;
- unforeseen levels of price volatility that may result in financial loss when a project sells energy at a different location on the grid than where it is delivered under its PPA;
- failure to obtain or comply with permits and other regulatory consents and the inability to renew or replace permits or consents that expire or are terminated;
- the inability to operate within limitations that may be imposed by current or future governmental permits and consents;
- changes in law, particularly in land use, environmental, or other regulatory requirements;
- the inability to extend our initial land leases on the same terms for the full useful life of the project;

- disputes with federal agencies, state agencies, or other public or private owners of land on which our projects are located, or adjacent landowners;
- changes in tax, environmental, health and safety, land use, labor, trade, or other laws, including changes in related governmental permit requirements;
- government or utility exercise of eminent domain power or similar events;
- existence of liens, encumbrances, or other imperfections in title affecting real estate interests; and
- failure to obtain or maintain insurance or failure of our insurance to fully compensate us for repairs, theft or vandalism, and other actual losses.

These and other factors could have adverse consequences on our solar projects. For example, these factors could require us to shut down or reduce the output of such projects, degrade equipment, reduce the useful life of the project, and materially increase O&M and other costs. Unanticipated capital expenditures associated with maintaining or repairing our projects would reduce profitability. Congestion, emergencies, maintenance, outages, overloads, requests by other parties for transmission service, including on our facilities, actions or omissions by other projects with which we share facilities, and certain other events, including events beyond our control, could partially or completely curtail generation and delivery of energy by our projects and could lead to our customers terminating their PPAs with us. Any termination of a project's interconnection or transmission arrangements or non-compliance by an interconnection provider, the owner or operator of shared facilities, or another third party with its obligations under an interconnection, shared facilities, or transmission arrangement may delay or prevent our projects from delivering energy to our offtakers. If the interconnection, shared facilities, or transmission arrangement for a project is terminated, we may not be able to replace it on similar terms to the existing arrangement, or at all, or we may experience significant delays or costs in connection with such replacement. In addition, replacement and spare parts for solar panels, and other key pieces of equipment may be difficult or costly to acquire or may be unavailable.

Any of the risks described above could significantly decrease or eliminate the revenues of a project, significantly increase its operating costs, cause us to default under our financing agreements, or give rise to damages or penalties owed by us to an offtaker, another contractual counterparty, a governmental authority, or another third party, or cause defaults under related contracts or permits. Any of these events could have a material adverse effect on our business, NAV, financial condition, and results of operations.

We and any third parties with which we do business may be subject to cyber-attacks, network disruptions, and other information systems breaches, as well as acts of terrorism or war that could have a material adverse effect on our business, NAV, financial condition, and results of operations, as well as result in significant physical damage to our renewable energy projects.

Our operations rely on our computer systems, hardware, software, and networks, as well as those of third parties with which we do business, such as O&M and other service providers, to securely process, store, and transmit proprietary, confidential, financial, and other information. We also rely heavily on these information systems to operate our solar projects. Information technology system failures and network disruptions may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, human errors in using or accessing relevant systems, or similar events or disruptions. Cyber-attacks, including those targeting information systems or electronic control systems used to operate our energy projects and the facilities of third parties on which our projects rely, could severely disrupt business operations, and result in loss of service to offtakers and significant expense to repair security breaches or system damage. In addition, our costs to adequately counter the risk of cyber-attacks may increase significantly in the future. In recent years, such cyber incidents have become increasingly frequent and sophisticated, targeting or otherwise affecting a wide range of companies. While we have instituted security measures to reduce the likelihood and impact of a cyber-attack or data breach and have back-up systems and disaster recovery plans for other disruptions, these measures, or those of the third parties with which we do business, may be ineffective or inadequate. If these measures fail, valuable information may be lost; our development, construction, O&M, and other operations may be disrupted; we may be unable to fulfill our customer obligations; and our reputation may suffer. As a result of the COVID-19 pandemic, the vast majority of our employees who are capable of performing their functions remotely are telecommuting and may continue to do so for the foreseeable future, which may exacerbate these risks. Such risks may also subject us to litigation, regulatory action and fines, remedial expenses, and financial losses beyond the scope or limits of our insurance coverage. These consequences of a failure of security measures could, individually or in the aggregate, have a material adverse effect on our business, NAV, financial condition, and results of operations.

Terrorists have attacked energy assets such as substations and related infrastructure in the past and may attack them in the future. We cannot guarantee adequate protection from such attacks on our projects and have little or no control over the facilities of third parties on which our projects rely. Attacks on our or our counterparties' assets could severely damage our projects, disrupt business operations, result in loss of service to offtakers, and require significant time and expense to repair. Additionally, energy-related facilities, such as substations and related infrastructure, are protected by limited security measures, in most cases only perimeter fencing. Our current portfolio, as well as projects we may develop or acquire and the facilities of third parties on which our projects rely, may be targets of burglary, terrorist acts and affected by responses to terrorist acts, each of which could fully or partially disrupt our projects' ability to produce, transmit, transport, and distribute energy. To the extent such acts constitute force majeure events under our PPAs or interconnection agreements, the applicable offtaker generally may reduce or cease making payments to us and may terminate such PPA or interconnection agreement if such force majeure event continues for a period typically ranging from six to twelve months as specified in the applicable agreement. We are also generally unable to, or do not, obtain insurance coverage to compensate us for losses caused by terrorist or other similar attacks. As a result, any such attack could significantly decrease revenues, result in significant reconstruction or remediation costs, or otherwise disrupt our business operations, any of which could have a material adverse effect on our business, NAV, financial condition, and results of operations.

Our holding companies have historically entered into multiple transactions with their affiliates. These transactions include financial guarantees and other credit support arrangements, including letters of comfort to such affiliates pursuant to which the holding companies undertake to provide financial support to these affiliates and adequate resources as required to ensure that they are able to meet certain liabilities and local solvency requirements. These holding companies are currently party to many such affiliate transactions, and it is likely they will enter into new and similar affiliate transactions in the future.

In the event that any of these affiliates become bankrupt or insolvent, there can be no assurance that a court or other foreign tribunal, liquidator, monitor, trustee or similar party would not seek to enforce these intercompany arrangements and guarantees or otherwise seek relief against the holding companies and their other affiliates. If any of our material foreign subsidiaries (e.g., subsidiaries that hold a significant number of customer contracts, or that are the parent company of other material subsidiaries) become subject to a bankruptcy, liquidation or similar insolvency proceeding, such proceeding could have a material adverse effect on our business and results of operations.

We are in a highly competitive marketplace.

The renewable energy industry is highly competitive and we face significant competition in the markets in which we operate. Some of our competitors may have advantages over us in terms of greater operational, financial and technical management as well as additional resources in particular markets or in general. Our competitors may also enter into strategic alliances or form affiliates with other competitors to its detriment. Suppliers or contractors may merge with our competitors which may limit our choices of contractors and hence the flexibility of its overall project execution capabilities. Increased competition may result in price reductions, reduced profit margins and loss of market share.

Moreover, our current business strategy is to own and operate all of the solar parks which we develop and acquire. As part of our growth plan, we may, in the future, acquire solar parks in various development stages through a competitive bidding process as part of the auction schemes in the various jurisdictions we plan to grow and establish ourself in as well as the current countries we operate in. The bidding and selection process is affected by a number of factors, including factors that may be beyond our control, such as market conditions or government incentive programs. Our competitors may have greater financial resources, a more effective or established localized business presence or a greater willingness or ability to operate with little or no operating margins for sustained periods of time. Any increase in competition during such bidding processes or reduction in its competitive capabilities could have a significant adverse impact on its market share and on the margins it generates from its solar parks.

Further, large, utility-scale solar parks must be interconnected to the power grid in order to deliver electricity, which requires us, through its local partnerships, to find suitable sites with capacity on the power grid available. Our competitors may impede its development efforts by acquiring control of all or a portion of a PV site it seeks to develop. Even when we have identified a desirable site for a solar park, its ability to obtain site control with respect to the site is subject to its ability to finance the transaction and growing competition from other solar power producers that may have better access to local government support, financing or other resources. If we are unable to find or obtain site control for suitable PV sites on commercially acceptable terms, its ability to develop new solar parks on a timely basis or at all might be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on certain key personnel and loss of these key personnel could have a material adverse effect on our business, financial condition and results of operations.

Our success depends to a significant degree on the services rendered by our key employees. Due to the level of technical expertise necessary to support its business strategy, our success will depend upon our ability to attract and retain highly skilled and seasoned professionals in the solar industry for which competition is intense. In particular, we are heavily dependent on the continued services of Mr. Vincent Browne, our Chief Executive Officer. The loss of any key employee, including executive officers or members of senior management teams, and the failure to attract, train and retain highly skilled personnel with sufficient experience in the industry to replace them, could harm our prospects, business, financial condition, and the results of operations will be materially affected.

If sufficient demand for solar parks does not develop or takes longer to develop than anticipated, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The PV market is at a relatively early stage of development in some of the markets that the Company may intend to enter. The PV industry continues to experience lower costs, improved efficiency and higher electricity output. However, trends in the PV industry are based only on limited data and may not be reliable. Many factors may affect the demand for solar parks including, among others, cost and availability of financing for solar parks, fluctuations in economic and market conditions, competition from non-solar energy sources, environmental concerns, public perception and regulations and policies governing the electric power industry and the broader energy industry.

If market demand for solar parks fails to develop sufficiently, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We are subject to risks associated with fluctuations in the prices of PV modules and balance-of-system components or in the costs of design, construction and labor.

We procure supplies for solar park construction, such as PV modules and balance-of-system components, from third-party suppliers. We typically enter into contracts with its suppliers and contractors on a project-by-project basis or a project portfolio basis. We generally do not maintain long-term contracts with its suppliers. Therefore, are exposed to fluctuations in prices for its PV modules and balance-of-system components. Increases in the prices of PV products or balance-of-system components or fluctuations in design, construction, labor and installation costs may increase the cost of procuring equipment and engaging contractors and hence materially and adversely affect its results of operations.

Refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output.

Our facilities may require periodic upgrading and improvement. Any unexpected operational or mechanical failures, such as the failure of a single inverter, or other failures associated with breakdowns and forced outages generally, and any decreased operational or management performance, could reduce its facilities' generating capacity below expected levels, reducing its revenues. Unanticipated capital expenditures associated with upgrading or repairing its facilities may also reduce our profitability.

We may also choose to refurbish or upgrade its facilities based on its assessment that such activity will provide adequate financial returns and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future power prices. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, spare parts for solar facilities and key pieces of equipment may be hard to acquire or unavailable to us. Sources of some significant spare parts and other equipment are located outside of the jurisdictions in which it operates. Suppliers of some spare parts have filed, or may in the future file for, bankruptcy protection, potentially reducing the availability of parts that it requires to operate certain of its power generation facilities. Other suppliers may for other reasons cease to manufacture parts that it requires to operate certain of its power generation facilities. If we were to experience a shortage of or inability to acquire critical spare parts, it could incur significant delays in returning facilities to full operation, which could negatively impact its business financial condition, results of operations and cash flows.

Our project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments.

We may operate in areas that are under the threat of floods, earthquakes, landslides, mudslides, sandstorms, drought, or other inclement weather and climate conditions or natural disasters. If inclement weather or climatic conditions or natural disasters occur in areas where its solar parks and project teams are located, project development, connectivity to the power grid and the provision of O&M services may be adversely affected. In particular, materials may not be delivered as scheduled and labor may not be available. As some of its solar parks are located in the same region, such solar parks may be simultaneously affected by weather and climate conditions, natural disasters and adverse work environments.

Moreover, natural disasters which are beyond our control may adversely affect the economy, infrastructure and communities in the countries and regions where it conducts its business operations. Such conditions may have an adverse effect on its work performance, progress and efficiency or even result in personal injuries or fatalities.

Business interruptions, whether due to catastrophic disasters or other events, could adversely affect Alternus' operations, financial condition and cash flows.

Our operations and those of its contract manufacturers and outsourced service providers are vulnerable to interruption by fire, earthquake, hurricane, flood or other natural disaster, power loss, computer viruses, computer systems failure, telecommunications failure, quarantines, national catastrophe, terrorist activities, war and other events beyond its control. For instance, some of Alternus' solar parks are located in Italy near medium risk areas regarding seismic activity and may be vulnerable to damage from earthquakes. If any disaster were to occur, our ability and the ability of its contract manufacturers and outsourced service providers to operate could be seriously impaired and it could experience material harm to its business, operating results and financial condition. In addition, the coverage or limits of its business interruption insurance may not be sufficient to compensate for any losses or damages that may occur.

Any such terrorist acts, environmental repercussions or disruptions, natural disasters, theft incidents or other catastrophic events could result in a significant decrease in revenues or significant reconstruction, remediation or replacement costs, beyond what could be recovered through insurance policies, which could have a material adverse effect on its operating results and financial condition.

Global economic conditions and any related ongoing impact of supply chain constraints and the market of our product and service could adversely affect our results of operations.

Due to the specific nature of solar photovoltaic industry, we depend on a limited number of suppliers of solar panels, batteries, and other system components needed to expand, operate and function our solar parks, thus making us susceptible to quality issues, shortages, bottlenecks, and price changes. The uncertain condition of the global economy as well as the current conflict between Russia and Ukraine, including the retaliatory economic measures taken by United States, European, and others continue impacting businesses around the world, and has and may continue to impact several components producers and suppliers that form part of our supply chain; impacting products, materials, components, and parts required to operate our solar parks and expand our solar offering, both in the Europe, in the US and globally. In times of rapid industry growth or regulatory change such as current times, any further deterioration of the geopolitical, socio-economic conditions or financial uncertainty to provide our services could reduce customers' confidence and affect negatively our sales and results of operations.

Although we have implemented policies and procedures to maintain compliance with applicable laws and regulations, these and other similar trade restrictions that may be imposed in the future could cause installation and capacity expansion delay, amidst restrictions on the global supply of polysilicon and solar products. This could result in near-term supply crunch in solar energy systems despite higher costs, as well as increased costs of polysilicon and the overall cost of solar energy systems, potentially translating into a material adverse effect on our business, financial condition, results of operations and prospects.

Fluctuations in foreign currency exchange rates may negatively affect our revenue, cost of sales and gross margins and could result in exchange losses.

Our business and operational activities are dispersed and subsidiaries within it trade in their functional currencies in the course of their business operations. Our investment holding companies transact in functional currencies of their subsidiaries. Our investment holding companies may have foreign financing and investing activities, which exposes us to foreign currency risk. Any increased costs or reduced revenue as a result of foreign exchange rate fluctuations could adversely affect our profit margins.

Although we have access to a variety of financing solutions that are tailored to the geographic location of its projects and local regulations, we have not entered into any hedging transactions to reduce the foreign exchange rate fluctuation risks, but may do so in the future when it is deemed appropriate to do so in light of the significance of such risks. However, if we decide to hedge our foreign exchange exposure in the future, we cannot be assured that we will be able to reduce our foreign currency risk exposure in an effective manner, at reasonable costs, or at all.

If we fail to comply with financial and other covenants under debt arrangements, our financial condition, results of operations and business prospects may be materially and adversely affected.

We have a number of covenants related to certain debt arrangements. These restrictions could affect our ability to operate our business and may limit the ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs. Additionally, our ability to comply with these covenants may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. Failure to comply with financial and other covenants may potentially result in increased financial costs, the requirement for additional security or cancellation of loans, which in turn may have a material adverse effect on our results of operations, cash flows and financial condition.

Any default under debt arrangements could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, as applicable at any given time. If our creditors accelerate the payment of those amounts, investors cannot be assured that our assets would be sufficient to repay in full those amounts, to satisfy all other liabilities which would be due and payable and to ensure that net assets will be available to the shareholders. For example, our prior subsidiary, Solis Bond Company DAC, breached all three financial covenants under its bond terms. As such, Solis was unable to fully repay the Solis Bond by its maturity date (as extended), and Solis' bondholders transferred ownership of Solis and all of its subsidiaries to the bondholders. This resulted in the majority of our operating assets and related revenues being eliminated and are no longer able to book the associated EBIDTA. This has had a material adverse effect on our results of operations, cash flows and financial condition.

In addition, we typically pledge our solar park assets or account or trade receivables to raise debt financing, and we are restricted from creating additional security over its assets. If we are in breach of one or more financial or other covenants or negative pledge clauses under any of our loan agreements and are not able to obtain waivers from the lenders or prepay such loan, repayment of the indebtedness under the relevant loan agreement may be accelerated, which may in turn require us to repay the entire principal amount including interest accrued, if any, of certain of its other existing indebtedness prior to their maturity under cross-default provisions of other loan agreements. If we lack sufficient financial resources to make required payments, the pledgees may auction or sell our assets or our interest in solar parks to enforce their rights under the pledge contracts and loan agreements. Any of those events could have a material adverse effect on our financial condition, results of operations and business prospects.

Our international operations require significant management resources and present legal, compliance and execution risks in multiple jurisdictions.

We have adopted a business model under which it maintains significant operations and facilities through its subsidiaries located in Europe while its corporate management team and directors are primarily based in Ireland and the U.S. The nature of our business may stretch its management resources thin as well as make it difficult for its's corporate management to effectively monitor local execution teams. The nature of our operations and limited resources of its management may create risks and uncertainties when executing its strategy and conducting operations in multiple jurisdictions, which could adversely affect the costs and results of our operations.

The development and installation of solar energy systems is highly regulated; we may fail to comply with laws and regulations in the countries where it develops, constructs and operates solar power projects and the government approval process may change from time to time, which could severely disrupt our business operations.

The development and installation of solar energy systems is subject to oversight and regulation under local ordinances; building, zoning and fire codes; utility interconnection requirements for metering; and other rules and regulations. We attempt to keep apprised on these requirements on a national, state and local level and must design and install our solar energy systems to comply with varying standards. Certain jurisdictions may have ordinances that prevent or increase the cost of installation of our solar energy systems. New government regulations or utility policies pertaining to the installation of solar energy systems are unpredictable and might result in significant additional expenses or delays, which could cause a significant reduction in demand for solar energy systems.

We conduct our business in many countries and jurisdictions that are governed by different laws and regulations, including national and local regulations relating to building codes, taxes, safety, environmental protection, utility interconnection and metering and other matters. We have established subsidiaries in these countries and jurisdictions which were required to comply with various local laws and regulations. While we strive to work with our local counsel and other advisers to comply with the laws and regulations of each jurisdiction in which we have operations, there may be instances of non-compliance, which may result in fines, sanctions and other penalties against the non-complying subsidiaries and its directors and officers. For example, in 2020, the Company's Romanian subsidiary, LJG Green Source Energy Beta S.r.l. had an ANRE investigation resulting from actions of the previous owner related to the breach of Article 5 of the EU Regulation No. 1227/2011 on wholesale energy market integrity and transparency by engaging in market manipulation or attempted market manipulation on the wholesale energy markets following transactions concluded between January 1, 2019 to March 31, 2020. This investigation resulted in a penalty of RON 400,000 (approximately $80,000). We cannot make any assurances that other instances of non-compliance will not occur in the future which may materially and adversely affect its business, financial condition or results of operations.

In order to develop solar power projects, we must obtain a variety of approvals, permits and licenses from various authorities. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. Moreover, sovereign states retain the power to adjust their energy policies and alter approval procedures applicable to the Company. If the regulatory requirements become more stringent or the approval process becomes less efficient, the key steps in our business operations including project development, facility upgrading and product sales, could be severely disrupted or delayed. Failure to obtain the required approvals, permits or licenses or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Any new government regulations pertaining to the Company business or solar power projects may result in significant additional expenses. The Company cannot assure that it will be able to promptly and adequately respond to changes of laws and regulations in various jurisdictions, or that its employees and contractors will act in accordance with such laws. Failure to comply with laws and regulations where the Company develops, constructs and operates solar power projects may materially and adversely affect our business, results of operations and financial condition.

Existing rules, regulations and policies pertaining to electricity pricing and technical interconnection of customer-owned electricity generation may not continue, and changes to these regulations and policies might deter the purchase and use of solar energy systems and negatively impact development of the solar energy industry.

The market for solar energy systems in the United States and Europe is heavily influenced by foreign, federal, state and local government regulations and policies concerning the electric utility industry, as well as policies adopted by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation and there is no assurance that they will continue. For example, the vast majority of the United States has a regulatory policy known as net energy metering, or "net metering", which allows our customers to interconnect their on-site solar energy systems to the utility grid and offset their utility electricity purchases by receiving a bill credit at the utility's retail rate for energy generated by their solar energy system that is exported to the grid and not consumed on-site. The customer consequently pays for the net energy used or receives a credit at the retail rate if more electricity is produced than consumed. Net metering, in some states, is being replaced with lower credits for the excess electricity sent onto the grid from solar energy systems, and utilities are imposing minimum or fixed monthly charges on owners of solar energy systems. These regulations and policies have been modified in the past and may be modified in the future in ways that can restrict the interconnection of solar energy systems and deter purchases of solar energy systems by customers. Electricity generated by solar energy systems also competes most favorably in markets with tiered rate structures or peak hour pricing that increase the price of electricity when more is consumed. Modifications to these rate structures by utilities, such as reducing peak hour or tiered pricing or adopting flat rate pricing, could require the price of solar energy systems to be reduced in order to compete with the price of utility generated electricity.

Risk related to legal rights to real property in foreign countries.

Our energy facilities may be located on land which may be subject to government seizure or expropriation. For example, properties relating to the Company's operations in Scornicesti, Romania, are subject to an ongoing expropriation procedure due to the construction of a new express motorway. The authorities have offered the Company cash as compensation. The process commenced in Q1 2022, and we still have not received any compensation to date. In this case, we believe that the offered compensation represents fair value. However, in general, similar proceedings may not represent fair compensation and could materially affect our other operations, in which case certain operations may have to cease without sufficient compensation being paid to us. Although this particular expropriation does not have a material adverse effect on our business, other types of seizure or expropriation could have a material adverse effect on our ability to generate revenue.

In addition to the expropriation risk discussed above, the land on which the renewable energy facilities are situated is often subject to long-term easements and land leases. However, the ownership interests in the land subject to these easements and leases may also be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil or mineral rights) that were created prior to the land easements and leases. As a result, the facility's rights under these easements or leases may be subject, and subordinate, to the rights of those third parties, or even to the relevant government. The Company performs title searches and obtains title insurance to protect itself against these risks. Such measures may, however, be inadequate to protect the Company against all risk of loss of the Company's rights to use the land on which the renewable energy facilities are located, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we are subject to the risk of potential disputes with property owners or third parties who otherwise have rights to or interests in the properties used for the our solar parks. Such disputes, whether resolved in our favor or not, may divert management's attention, harm our reputation or otherwise disrupt its business. An adverse decision from a court or the absence of an agreement with such third parties may result in additional costs and delays in, or the permanent termination of, the construction and operating phases of any solar park so situated.

Enforcing a United States judgment against our executive officers and directors in Ireland may be difficult.

Many of our current officers and directors reside in Ireland. Service of process upon our directors and officers, many of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and investments, and a number of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or any of them may be difficult to collect within the United States and may not be enforced by an Irish court. It also may be difficult for you to effect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Ireland. Irish courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Ireland is not the most appropriate forum in which to bring such a claim. In addition, even if an Irish court agrees to hear a claim, it may determine that Irish law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Irish law. There is little binding case law in Ireland that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against our executive officers and directors in Ireland, you may not be able to collect any damages awarded by either a U.S. or foreign court.

Subject to specified time limitations and legal procedures, under the rules of private international law currently prevailing in Ireland, Irish courts may enforce a U.S. judgment in a civil matter, including a judgment based upon the civil liability provisions of U.S. securities laws, as well as a monetary or compensatory judgment in a non-civil matter, provided that the following key conditions are met:

- subject to limited exceptions, the judgment is final and non-appealable;
- the judgment was given by a court competent under the laws of the state of the court and is otherwise enforceable in such state;
- the judgment was rendered by a court competent under the rules of private international law applicable in Ireland;
- the laws of the state in which the judgment was given provide for the enforcement of judgments of Irish courts' judgments;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to present his arguments and evidence;
- the judgment is enforceable under the laws of Ireland and its enforcement are not contrary to the law, public policy, security or sovereignty of Ireland;
- the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties; and
- an action between the same parties in the same matter was not pending in any Irish court at the time the lawsuit was instituted in the U.S. court

The Company conducts its business operations globally and is subject to global and local risks related to economic, regulatory, tax, social and political uncertainties.

The Company conducts its business operations in many regions. The Company's business is therefore subject to diverse and constantly changing economic, regulatory, tax, social, and political conditions. Changes in the legislative, political, governmental, and economic framework in the regions in which the Company carries on business could have a material impact on its business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a material adverse effect on the Company's revenues, profitability, cash flows and financial condition. Any new government regulations pertaining to the Company's business or solar parks may result in significant additional expenses. Moreover, as the Company enters new markets in different jurisdictions, it will face different regulatory regimes, business practices, governmental requirements and industry conditions. To the extent that the Company's business operations are affected by unexpected and adverse economic, regulatory, social or political conditions in the jurisdictions in which the Company has operations, it may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect its business, financial condition and results of operations. Geopolitical trends toward protectionism and nationalism and the dissolution or weakening of international trade pacts may increase the cost of, or otherwise interfere with, the Company's conduct of business. Uncertainty about current and future economic and political conditions that affect the Company, its customers and partners make it difficult for the Company to forecast operating results and to make decisions about future investments.

The current invasion of Ukraine by Russia has escalated tensions among the U.S., the North Atlantic Treaty Organization ("**NATO**") and Russia. The U.S. and other NATO member states, as well as non-member states, have announced new sanctions against Russia and certain Russian banks, enterprises and individuals. These and any future additional sanctions and any resulting conflict between Russia, the U.S. and NATO countries could have an adverse impact on our current operations.

Further, such invasion, ongoing military conflict, resulting sanctions and related countermeasures by NATO states, the U.S. and other countries are likely to lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions for equipment, which could have an adverse impact on our operations and financial performance.

Recent increases in inflation and in the United States and internationally could adversely affect our business.

Recent increases in inflation in the United States and elsewhere may be leading to increased price volatility for publicly traded securities, including ours, and may lead to other national, regional and international economic disruptions, any of which could have an adverse effect on our business and operations.

The solar energy industry is a new and evolving market, which may not grow to the size or at the rate we expect.

The solar energy industry is a new and rapidly growing market opportunity. We believe the solar energy industry will continue still take several years to fully develop and mature, but we cannot be certain that the market will grow to the size or at the rate that we expect. Any future growth of the solar energy market and the success of our solar service offerings depend on many factors beyond our control, including recognition and acceptance of the solar service market by consumers, the pricing of alternative sources of energy, a favorable regulatory environment, the continuation of expected tax benefits and other incentives, and our ability to provide our solar service offerings cost-effectively, and our business might be adversely affected should the markets for solar energy do not develop to the size or at the rate we expect.

Solar energy has yet to achieve broad market acceptance and depends in part on continued support in the form of rebates, tax credits, and other incentives from federal, state and local governments. If this support diminishes materially, our ability to attract customers for our products and services could be adversely affected. Declining macroeconomic conditions, including labor markets, could contribute to instability and uncertainty among customers and impact their financial ability, credit scores or interest in entering into long-term contracts, even if such contracts would generate immediate and long-term savings.

Market prices of retail electricity generated by utilities or other energy sources also could decline for a variety of reasons, as discussed further below. Any such declines in macroeconomic conditions, changes in retail prices of electricity or changes in customer preferences would adversely impact our business.

Declining costs related to raw materials, manufacturing and the sale and installation of our solar service offerings have been a key driver in the pricing of our solar service offerings and customer adoption of solar energy. The prices of solar modules and raw materials have declined, however the cost of solar modules and raw materials could increase in the future, and such products' availability could decrease, due to a variety of factors, including restrictions stemming from the COVID-19 pandemic, tariffs and trade barriers, export regulations, regulatory or contractual limitations, industry market requirements, and changes in technology and industry standards.

Other factors may also impact costs, such as our choice to make significant investments to drive growth in the future.

Our business prospects could be harmed if solar energy is not widely adopted or sufficient demand for solar energy systems does not develop or takes longer to develop than we anticipate.

The solar energy market is at a relatively early stage of development. The extent to which solar energy will be widely adopted and the extent to which demand for solar energy systems will increase are uncertain. If solar energy does not achieve widespread adoption or demand for solar energy systems fails to develop sufficiently, we might be unable to achieve our revenue and profit targets. Demand for solar energy systems in our targeted markets might not develop as we anticipate. Many factors may affect the demand for solar energy systems, including the following:

- availability of government and utility company subsidies and incentives to support the development of the solar energy industry;
- government and utility policies regarding the interconnection of solar energy systems to the utility grid;
- fluctuations in economic and market conditions that affect the viability of conventional and non-solar renewable energy sources, such as changes in the price of natural gas and other fossil fuels;
- cost-effectiveness (including the cost of solar modules), performance and reliability of solar energy systems compared with conventional and other non-solar renewable energy sources and products;
- success of other renewable energy generation technologies, such as hydroelectric, wind, geothermal, solar thermal, concentrated solar and biomass;
- availability of customer financing with economically attractive terms;

- fluctuations in expenditures by purchasers of solar energy systems, which tend to decrease in slower economic environments and periods of rising interest rates and tighter credit; and

- deregulation of the electric power industry and the broader energy industry.

The modification, reduction, elimination, or expiration of government subsidies, economic incentives, tax incentives, renewable energy targets, and other support for on-grid solar electricity applications, or the impact of other public policies, such as tariffs or other trade remedies imposed on solar cells and modules or related raw materials or equipment, could negatively impact demand and/or price levels for our solar modules and limit our growth or lead to a reduction in our net sales or increase our costs, thereby adversely impacting our operating results.

Although we believe that solar energy will experience widespread adoption in those applications where it competes economically with traditional forms of energy without any incentive programs, in certain markets our net sales and profits remain subject to variability based on the availability and size of government subsidies and economic incentives. Federal, state, and local governmental bodies in many countries have provided subsidies in the form of feed-in-tariff structures, rebates, tax incentives, and other incentives to end users, distributors, system integrators, and manufacturers of PV solar products. Many of these incentive programs expire, phase down over time, require renewal by the applicable authority, or may be amended. To the extent government incentive programs are reduced earlier than previously expected, are changed retroactively, or are not renewed, such changes could negatively impact demand and/or price levels for our solar modules, lead to a reduction in our net sales, and adversely impact our operating results.

Current regulatory policies, or any future changes or threatened changes to such policies, including those changes as a result of the presidential administration and control of the U.S. Congress, may subject us to significant risks, including the following:

- a reduction or removal of clean energy programs and initiatives and the incentives they provide may diminish the market for future solar energy off-take agreements, slow the retirement of aging fossil fuel plants, including the retirements of coal generation plants, and reduce the ability for solar project developers to compete for off-take agreements, which may reduce PV solar module sales;

- any limitations on the value or availability to manufacturers or potential investors of tax incentives that benefit solar energy production, sales, or projects, such as the Section 45X advanced manufacturing production credit, ITC, and PTC, could result in reducing such manufacturers' or investors' economic returns and could cause a reduction in the availability of financing, thereby reducing demand for PV solar modules;

- any incentives contingent upon domestic production of modules, such as tax incentives set forth under the IRA, could limit our ability to sell modules manufactured in certain foreign jurisdictions, which may adversely impact our module average selling prices and could require us to record significant charges to earnings should we determine that the manufacturing facilities and equipment in such foreign jurisdictions are impaired; and

- any effort to overturn federal and state laws, regulations, or policies that are supportive of solar energy generation or that remove costs or other limitations on other types of electricity generation that compete with solar energy projects could negatively impact our ability to compete with traditional forms of electricity generation and materially and adversely affect our business.

Application of trade laws may also adversely impact, either directly or indirectly, our operating results; for example, by impacting our customers' project costs, profitability, and their demand for our modules; or by impacting our own costs or disrupting our manufacturing or supply chains, and consequently negatively impacting demand and/or price levels for our solar modules, reducing our net sales, or affecting potential profitability of fulfilling customer contracts.

The overall impact of trade laws on our business depends on multiple factors, including their duration, their scope and potential expansion thereof, enforcement, retaliatory measures by impacted exporting countries, inflationary effects and broader macroeconomic responses, changes to consumer purchasing behavior, and the effectiveness of our responses in managing these impacts. Recent developments include the following:

- *United States — Reciprocal Tariffs.* On April 2, 2025, the U.S. President announced a 10% "baseline" reciprocal tariff on nearly all U.S. trading partners, effective April 5, 2025, and additional, higher reciprocal tariffs on specific countries, effective April 9, 2025. On April 9, 2025, the U.S. President paused the additional, higher tariffs on most countries for 90 days. However, the U.S. President raised the tariff on China. As of April 16, 2025, the 10% "baseline" reciprocal tariff applies to all countries other than China, Canada, Mexico, and countries listed under "Column 2" of the Harmonized Tariff Schedule of the United States, such as Russia and North Korea. As it pertains to the countries where we manufacture solar modules, the additional, country-specific tariffs would have applied to Vietnam, India, and Malaysia. If the additional, higher tariffs on imports from these countries go into effect, it would increase the costs of the solar modules manufactured in these countries with respect to our U.S. market. .

- *United States — Tariffs on Certain Imported Crystalline Silicon PV Cells and Modules.* The United States currently imposes different types of tariffs and/or other trade remedies on certain imported crystalline silicon PV cells and modules from various countries. In February 2022, the previous U.S. President proclaimed a four-year extension of a global safeguard measure imposed pursuant to Section 201 of the Trade Act of 1974 that provides for tariffs on imported crystalline silicon solar modules and a tariff-rate quota on imported crystalline silicon solar cells. Thin film solar cell products, such as our CdTe technology, are specifically excluded from the tariffs. The extension measure's tariff rate was originally set at 14.75%, with annual reductions of 0.25 percentage points over the remainder of its four-year term. The current rate is 14.25%. The extension measure also provides an annual tariff-rate quota, whereby tariffs apply to imported crystalline silicon solar cells above the first 5.0 GW of imports.

- *United States — Additional Tariffs on Certain Chinese Imports.* The United States currently imposes tariffs on various articles imported from China, including tariffs of 50% on crystalline silicon solar cells and tariffs of 25% on modules, based on an investigation under Section 301 of the Trade Act of 1974. In February 2025, the U.S. President announced an additional 10% tariff on all imports from China, which is related to the national security threat posed by China's trade in fentanyl and other illegal narcotics. This 10% tariff was subsequently doubled to 20% in March 2025 and applies in addition to the 25% tariffs under Section 301 and ordinary customs duties and AD/CVDs. Further, as discussed above, effective April 2025, the United States imposed an additional reciprocal tariff on China.

- *United States — Port Fees on Certain Chinese Vessel Operators and Chinese Vessel Owners.* On April 17, 2025, the Office of the U.S. Trade Representative published a notice of final action based on an investigation under Section 301 of the Trade Act of 1974 into China's targeting of the maritime, logistics, and shipbuilding sectors for dominance. The action imposes new port fees on Chinese vessel operators and/or Chinese vessel owners as well as on non-Chinese operators of Chinese-origin vessels beginning on October 14, 2025. The level of fees is on a sliding scale per net ton or, in the case of non-Chinese operators, the higher of a net ton or container-based fee. Such fees may impact our logistics services and consequently impact our profitability and results of operations.

- *United States — Tariffs on Certain Foreign-imported Aluminum and Steel.* The United States currently imposes tariffs of 25% on imported aluminum and steel articles under Section 232 of the Trade Expansion Act of 1962. Such tariffs and policies, or any other U.S. or global trade remedies or other trade barriers, may directly or indirectly affect U.S. or global markets for solar energy and our business, financial condition, and results of operations.

- *United States — Potential Tariffs on Processed Critical Minerals and Derivative Products.* On April 22, 2025, the U.S. Secretary of Commerce initiated an investigation to determine the effects on the national security of imports of processed critical minerals, as well as their derivative products, under Section 232 of the Trade Expansion Act of 1962. The scope of the investigation includes tellurium and other critical minerals used in solar module manufacturing. In addition, the definition of derivative products covered by the investigation is potentially broad. If this investigation results in the imposition of tariffs or import restrictions on critical minerals and/or derivative products, it could negatively impact demand and/or price levels for our solar modules and limit our growth, lead to a reduction in our net sales, or increase our costs, thereby adversely impacting our operating results.

- *United States — Antidumping and Countervailing Duties on Certain Imported Crystalline Silicon PV Cells and Modules.* The United States currently imposes AD/CVDs on certain imported crystalline silicon PV cells and modules from China and Taiwan. Such AD/CVDs can change over time pursuant to annual administrative reviews conducted by the USDOC, and a decline in duty rates or USDOC failure to fully enforce U.S. AD/CVD laws could have an adverse impact on our operating results. In August 2023, the USDOC issued final affirmative circumvention rulings, finding that solar modules completed in Cambodia, Malaysia, Thailand, and Vietnam using parts and components produced in China circumvent the pre-existing AD/CVD orders on China. Such duties apply to circumventing imports on or after June 6, 2024, as well as any circumventing imports prior to that date that were not used or installed on or before December 3, 2024.

- *United States — Antidumping and Countervailing Duties on Certain Traded Solar Products.* In April 2024, the American Alliance for Solar Manufacturing Trade Committee, which includes First Solar, filed a set of AD/CVD petitions with the USDOC and the USITC to impose duties on certain unfairly traded solar products from Cambodia, Malaysia, Thailand, and Vietnam. The investigations could potentially lead to the imposition of AD/CVD orders on such solar products. In June 2024, the USITC issued affirmative preliminary determinations. In October 2024, the USDOC announced preliminary affirmative determinations in the countervailing duty ("CVD") investigations, finding that silicon solar cells and panels from Cambodia, Malaysia, Thailand, and Vietnam are unfairly subsidized at rates ranging from de minimis to nearly 300%, depending on the particular foreign producer. The USDOC has imposed provisional CVDs accordingly. In November 2024, the USDOC announced preliminary affirmative determinations in the AD investigations, providing for certain preliminary dumping rates applicable to solar cells from Cambodia, Malaysia, Thailand, and Vietnam ranging from de minimis to approximately 270%, depending on the particular foreign producer. On April 21, 2025, the USDOC announced the final determinations in the AD/CVD investigations, with final rates ranging from de minimis to over 3,400%, depending on the particular foreign producer.

- *India — Domestic and Foreign Imports.* The ALMM was introduced in 2021 as a non-tariff barrier to incentivize domestic manufacturing of PV modules by approving the list of models and manufacturers who can participate in certain solar development projects. The ALMM is approved by the MNRE, and any modifications to the ALMM and its application may affect future investments in solar module manufacturing in India. In April 2024, the government of India reimposed the ALMM, thereby requiring solar project developers to procure qualifying modules from companies on the list, which includes our Indian manufacturing facility. Also in April 2024, the ALMM was amended to include specific minimum conversion efficiency thresholds for CdTe solar technologies starting at 18% for solar lighting, 18.5% for rooftop applications, and 19% for utility-scale applications. In December 2024, the ALMM was amended to require nearly all solar development projects to use PV modules that contain domestically manufactured solar cells, which is expected to be effective for such projects completed on or after June 2026.

- *India — Import Duty Tariffs.* In April 2022, the Indian government began imposing import duty tariffs of 40% on solar modules and 25% on solar cells. In connection with such April 2022 tariffs, the Indian government also implemented a regulation mandating that any solar project with federal utility, state utility, or commercial and industrial off-takers that interconnects through government owned transmission lines only use solar modules from manufacturers included in the ALMM, and a requirement that all federal procurement of solar modules be only from cells and modules produced domestically. However, in February 2025, the Indian government began imposing import duty tariffs of 20% each on solar modules and cells and levied additional tax on certain commercial agricultural production, which tax included 20% on solar modules and 7.5% on solar cells. Therefore, the aggregate impact on the import of solar modules and cells is 40% and 27.5%, respectively.

These examples show that established markets for PV solar development face uncertainties arising from policy, regulatory, and governmental actions. While the expected potential of the markets we are targeting is significant, policy promulgation and market development are especially vulnerable to governmental inertia, political instability, changing government policy and priorities, the imposition or lowering of trade remedies and other trade barriers, geopolitical risk, fossil fuel subsidization, potentially stringent localization requirements, and limited available infrastructure. Any negative impacts from changes in policy, regulatory and governmental actions could negatively affect our business, reduce our net sales, profitability and/or market share, and consequently adversely affect our results of operations, prospects, and financial condition.

Changes in the global trade environment, including the imposition of import tariffs, could adversely affect the amount or timing of our revenues, results of operations or cash flows.

Escalating trade tensions, particularly between the U.S. and China, have led to increased tariffs and trade restrictions, including tariffs applicable to certain materials and components for our products or for products used in solar energy projects more broadly, such as module supply and availability. The U.S. has recently imposed significant new tariffs on nearly all products and components imported into the U.S. and could propose additional tariffs or increases to those already in place. To the extent we continue to use overseas suppliers of steel and aluminum, these tariffs could result in interruptions in the supply chain and impact costs and our gross margins. In addition, the threat of potential tariffs can create uncertainty among our customers and slow down the rate of existing projects and projects in our orderbook.

More specifically, in March 2018, the U.S. imposed a 25% tariff on steel imports and a 10% tariff on aluminum imports pursuant to Section 232 of the Trade Expansion Act of 1962 and extended these tariffs to cover imports of derivative steel and aluminum articles on February 2020 under the same legal authority. These tariffs were increased on February 10, 2025, pursuant to two executive orders from President Trump (the "February 2025 Executive Orders”), resulting in across-the-board 25% duties on steel and aluminum imports. Additionally, all previous alternative arrangements, such as complete exemptions, hard quotas, or tariff rate quotas, with trading partners on imports of steel and aluminum products, have been eliminated. The February 2025 Executive Orders also eliminated the system for exclusions, under which thousands of products were allowed to enter the U.S. free of these additional duties and create a process by which additional "derivative” products could be added to the scope of the tariffs by request of the domestic producer.

On February 1, 2025, President Trump issued executive orders directing the U.S. to impose new tariffs on imports from Canada, Mexico, and China, to take effect on February 4, 2025. On February 3, 2025, President Trump announced his intention to pause these tariffs on Canada and Mexico for the next month. The tariffs impose an additional 25% ad valorem rate of duty on all imports from Canada and Mexico (other than imports of Canadian energy resources exports, which are subject to a 10% ad valorem rate of duty) and an additional 10% ad valorem rate of duty on all imports from China. On March 3, 2025, the announced 25% tariff on Canadian and Mexican goods took effect and the tariff on Chinese goods was doubled to 20%. On March 12, 2025 tariffs on steel and aluminum increased from 25% to 50% on all steel and aluminum coming from Canada. On April 2, 2025, President Trump introduced tariffs on most countries of a baseline rate of 10%, and individualized rates on some countries of up to 50%. On April 9, 2025, President Trump increased tariffs for Chinese goods to 125% and subsequently to 145%, while the tariffs announced on April 2, 2025 for all other countries was reduced to a baseline rate of 10% for the next 90 days.

We are currently evaluating the potential impact of the imposition of the announced tariffs, and any additional or retaliatory tariffs, to our business and financial condition. While we do not believe that the tariffs announced by the U.S. in 2025 will have a material adverse effect upon our results of operations, financial condition, or liquidity, the actual impact of the new tariffs is subject to a number of factors including the effective date and duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that the target countries may take and any mitigating actions that may become available.

More broadly, President Trump has directed the USDOC, USTR, and other agencies, to review and identify unfair trade practices by other countries and recommend appropriate actions, as well as recommend modifications of AD/CVD laws to further induce compliance by foreign respondents and governments involved in those proceedings. These directives have been issued under the America First Trade Policy and Reciprocal Trade and Tariffs memoranda, and the effects on the global trading system can be far-reaching.

In January 2018, the U.S. adopted a tariff on imported solar modules and cells pursuant to Section 201 of the Trade Act of 1974. The tariff was initially set at 30%, with a gradual reduction over four years to 15%. While this tariff does not apply directly to the components we import, it may indirectly affect us by impacting the financial viability of solar energy projects, which could in turn reduce demand for our products. On February 4, 2022, former President Biden extended the safeguard tariff for an additional four years, starting at a rate of 14.75% and reducing that rate each year to 14% in 2026, and directed the U.S. Trade Representative to conclude agreements with Canada and Mexico on trade in solar products. On July 7, 2022, the U.S. and Canada entered into a non-binding memorandum of understanding in which the U.S. agreed to suspend application of the safeguard tariff to Canadian crystalline silicon photovoltaic cells imported as of February 1, 2022. While this tariff does not apply directly to the components we import, it may indirectly affect us by impacting the financial viability of solar energy projects, which could in turn reduce demand for our products.

Furthermore, starting in July 2018, the U.S. adopted four lists of tariffs (Lists 1,2,3, and 4A) on $550 billion worth of Chinese imports, including, inverters and power optimizers. Products on Lists 1, 2, and 3 are subject to 25% tariffs, while products on List 4A are subject to 7.5% tariffs. On December 16, 2024, the U.S. Trade Representative ("USTR") announced that it would increase Section 301 tariffs on polysilicon and wafers to 50% in 2025. At the same time, the USTR implemented 14 tariff exclusions for listed solar cell and wafer manufacturing equipment. While these tariffs are not directly applicable to our products, they could impact the solar energy projects in which our products are used, which could lead to decreased demand for our products.

On August 18, 2023, the U.S. Department of Commerce ("USDOC") issued final affirmative determinations of circumvention with respect to certain crystalline solar photovoltaic ("CSPV") cells and modules produced in Cambodia, Malaysia, Thailand and Vietnam using parts and components from China. As a result, certain CSPV cells and modules from Cambodia, Malaysia, Thailand and Vietnam are now subject to antidumping and countervailing duty ("AD/CVD") orders on CSPV cells and modules from China that have been in place since 2012. Subject to certain certification and utilization conditions, imports of CSPV cells and modules covered by the circumvention determinations that entered the U.S. during the two-year period prior to June 6, 2024 – which had been authorized by the former President Biden on June 2022 – were not subject to AD/CVD cash deposit or duty requirements. Imports of CSPV cells and modules from the four Southeast Asian countries covered by the circumvention determination that entered the U.S. on or after June 6, 2024 are subject to AD/CVD cash deposit requirements of the China AD/CVD orders and, possibly, final AD/CVD duty liability. Cash deposit rates for CSPV modules covered by the China AD/CVD orders vary significantly depending on the producer and exporter of the modules and may amount to over 250% of the entered value of the imported merchandise.

Additionally, in October 2023, a coalition of U.S. aluminum extruders and a labor union filed AD/CVD cases on aluminum extrusions from fifteen countries. The USDOC has initiated investigations based on the petitions. Certain components in our trackers, including certain clamps, U-joints, and bearing housings are made using extruded aluminum. In September 2024, the USDOC released its final determination from their investigations against aluminum extrusions from multiple countries. On October 30, 2024, the USITC voted to find no injury in its pending AD/CVD investigation, meaning that the USDOC's AD/CVD orders will not go into effect. The coalition of petitioners may still appeal the USITC's decision, and we will continue to monitor developments in the appeal process. If the USITC's decision is overturned on appeal, the imposition of AD/CVD orders could negatively impact our business, financial condition, and results of operations.

On April 24, 2024, the American Alliance for Solar Manufacturing Trade Committee, an ad hoc coalition of domestic producers of CSPV cells and modules, filed a petition with the USDOC and the U.S. International Trade Commission ("USITC") seeking the imposition of AD/CVD tariffs on imports of CSPV cells and modules from Cambodia, Malaysia, Thailand and Vietnam. The USITC made a preliminary affirmative determination on June 7, 2024, and the USDOC made its preliminary affirmative determination on October 1, 2024. The preliminary tariff rates vary from below 1% to almost 300%, depending on the relevant company.

While we do not sell solar modules, the degree of our exposure is dependent on, among other things, the impact of the investigation on the projects that are also intended to use our products, with such impact being largely out of our control. We have seen a number of projects in our order book delayed as a result of the USDOC investigation. The repeal of the 24-month exemption, and any affirmative determinations made once the exemption expires in any event, would have an adverse effect on our business, financial condition, and results of operations.

Tariffs and the possibility of additional tariffs in the future like those described above have created uncertainty in the industry. If the price of solar systems in the U.S. increases, the use of solar systems could become less economically feasible and could reduce our gross margins or reduce the demand of solar systems manufactured and sold, which in turn may decrease demand for our products. Additionally, existing or future tariffs may negatively affect key customers, suppliers, and manufacturing partners. Such outcomes could adversely affect the amount or timing of our revenues, results of operations or cash flows, and continuing uncertainty could cause sales volatility, price fluctuations or supply shortages or cause our customers to advance or delay their purchase of our products. It is difficult to predict what further trade-related actions governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions.

We are subject to various governmental export controls, trade and economic sanctions, and import laws and regulations that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.

Our products and technologies are subject to export control laws and regulations, including the Export Administration Regulations administered by the U.S. Department of Commerce, and our products, technologies, and activities are subject to trade and economic sanctions, including those administered by the U.S. Treasury Department's Office of Foreign Assets Control, or OFAC, as well as regulations administered by the governments of the United Kingdom and authorities in the European Union, which we collectively refer to as trade controls. As such, licenses and notices may be required to import products, technologies, and services from or export or re-export products, technologies, and services to certain countries and end users and for certain end uses. For example, the U.S. government continues to add additional entities in China and elsewhere to restricted party lists impacting the ability of U.S. companies to provide products, technology, and services to, and in some cases receive products, technologies, and services from, these entities. These controls may impact our ability to import certain products, technology, or services from or export or re-export certain products, technology, or services to China and other destinations, and it is also possible that the Chinese government will retaliate in ways that could impact our business. The process for obtaining necessary licenses and making required notices may be time-consuming or unsuccessful, potentially causing delays in sales or losses of sales opportunities. Trade controls are complex and dynamic regimes and monitoring and ensuring compliance can be challenging. Any failure to comply with these regimes could subject us to both civil and criminal penalties, including substantial fines, possible incarceration of responsible individuals for willful violations, possible loss of our export or import privileges, and reputational harm. In addition, investigating or defending against any such allegations, actions, or investigations will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Tariffs could also have a material impact on our product costs and decrease our ability to sell our products and services to existing or potential customers as well as harm our ability to compete internationally. Recent escalations in tariffs imposed by the United States on imports from its trading partners, retaliatory actions taken by affected countries, as well as uncertainties concerning further changes in tariff and non-tariff trade policies, particularly regarding those between the United States, Mexico, and Canada, and the between the United States and China, have been significant. The U.S. government has implemented additional broad tariffs on the import of most items from virtually all U.S. trading partners and has imposed particularly significant tariffs on imports from China. China responded by imposing significant tariffs on a variety of items imported from the United States, implementing new export controls on certain commodities, and imposing trade restrictions targeting particular U.S. companies. These tariffs could materially and adversely affect our ability to compete internationally. The future of these tariffs, as well as the possibility for new tariffs, remains very uncertain. Other causes of uncertainty include the effects of new tariffs implemented by the United States on imports from Mexico and Canada that do not qualify for duty-free treatment under the U.S.-Mexico-Canada Agreement.

The macroeconomic effect of any such tariffs on major trading partners, including China, Mexico, and Canada could be significant, and our business and financial results could be negatively affected as a result."

Shortages in the supply of silicon could adversely affect the availability and cost of the solar photovoltaic modules used in our solar energy systems.

Shortages of silicon or supply chain issues could adversely affect the availability and cost of our solar energy systems. Manufacturers of photovoltaic modules depend upon the availability and pricing of silicon, one of the primary materials used in photovoltaic modules. The worldwide market for silicon from time to time experiences a shortage of supply, which can cause the prices for photovoltaic modules to increase and supplies of photovoltaic modules become difficult to obtain. While we have been able to obtain sufficient supplies of solar photovoltaic modules to satisfy our needs to date, this may not be the case in the future. Future increases in the price of silicon or other materials and components could result in an increase in costs to us, price increases to our customers or reduced margins. Other international trade conditions such as work slowdowns and labor strikes at port facilities or major weather events can also adversely impact the availability and price of solar photovoltaic modules.

A material reduction in the retail price of electricity charged by electric utilities or other retail electricity providers would harm our business, financial condition and results of operations.

Decreases in the retail price of electricity from electric utilities or from other retail electric providers, including other renewable energy sources such as larger-scale solar energy systems, could make our offerings less economically attractive. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, whether generated by natural gas, nuclear power, coal, or renewable energy technologies;
- the construction of additional electric transmission and distribution lines;
- a reduction in the price of natural gas or other natural resources as a result of increased supply due to new drilling techniques or other technological developments, relaxation of associated regulatory standards, or broader economic or policy developments;
- less demand for electricity due to energy conservation technologies and public initiatives to reduce electricity consumption or to recessionary economic conditions; and
- development of competing energy technologies that provide less expensive energy.

A reduction in electric utilities' rates or changes to peak hour pricing policies or rate design (such as the adoption of a fixed or flat rate) could also make our offerings less competitive with the price of electricity from the electrical grid. If the cost of energy available from electric utilities or other providers were to decrease relative to solar energy generated from residential systems or if similar events impacting the economics of our offerings were to occur, we might have difficulty attracting new customers or existing customers might default or seek to terminate, cancel or otherwise avoid the obligations under their solar service agreements.

Electric utility statutes and regulations and changes to such statutes or regulations might present technical, regulatory and economic barriers to the purchase and use of our solar service offerings that may significantly reduce demand for such offerings.

Federal, state and local government statutes and regulations concerning electricity heavily influence the market for our solar service offerings and are constantly evolving. These statutes, regulations, and administrative rulings relate to electricity pricing, net metering, consumer protection, incentives, taxation, competition with utilities, and the interconnection of homeowner-owned and third party-owned solar energy systems to the electrical grid. Governments, often acting through state utility or public service commissions, change and adopt different rates for residential customers on a regular basis and these changes can have a negative impact on our ability to deliver savings, or energy bill management, to customers. Many utilities, their trade associations, and fossil fuel interests, which have significantly greater economic, technical, operational, and political resources than the residential solar industry, are currently challenging solar-related policies to reduce the competitiveness of residential solar energy. Any adverse changes in solar-related policies could have a negative impact on our business and prospects.

Technological changes in the solar power industry could render our products uncompetitive or obsolete, which could reduce our market share and cause our revenue and net income to decline.

The solar power industry is characterized by evolving technologies and standards, which developments place increasing demands on the improvement of our products, such as solar cells with higher conversion efficiency and larger and thinner silicon wafers and solar cells. Other companies may develop production technologies that enable them to produce silicon wafers, solar cells and solar modules with higher conversion efficiencies at a lower cost than our products. Some of our competitors are developing alternative and competing solar technologies that might require significantly less silicon than crystalline silicon wafers and solar cells, or no silicon at all. Technologies developed or adopted by others may prove more advantageous than ours for commercialization of solar power products and may render our products obsolete. We might need to invest significant resources in research and development to maintain our market position, to keep pace with technological advances in the solar power industry, and effectively compete in the future. Our failure to further refine and enhance our products and processes or to keep pace with evolving technologies and industry standards could cause our products to become uncompetitive or obsolete, which could materially adversely reduce our market share and affect our results of operations.

Already covered supply and demand in the energy market is volatile, and such volatility could have an adverse impact on electricity prices and a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flows.

A portion of our operating revenues are tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which we operate. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel (for example, natural gas) that is used to generate electricity; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of emitting carbon dioxide; the structure of the electricity market; and weather conditions (such as extremely hot or cold weather) that impact electrical load. More generally, there is uncertainty surrounding the trend in electricity demand growth, which is influenced by: macroeconomic conditions; absolute and relative energy prices; and energy conservation and demand-side management. Correspondingly, from a supply perspective, there are uncertainties associated with the timing of generating plant retirements — in part driven by environmental regulations — and with the scale, pace and structure of replacement capacity, again reflecting a complex interaction of economic and political pressures and environmental preferences. This volatility and uncertainty in the power market generally, including the non-renewable power market, could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flows.

The ability to deliver electricity to our various counterparties requires the availability of and access to interconnection facilities and transmission systems.

Our ability to sell electricity is impacted by the availability of, and access to, the various transmission systems to deliver power to our contractual delivery point and the arrangements and facilities for interconnecting the generation projects to the transmission systems. The absence of this availability and access, our inability to obtain reasonable terms and conditions for interconnection and transmission agreements, the operational failure or decommissioning of existing interconnection facilities or transmission facilities, the lack of adequate capacity on such interconnection or transmission facilities, curtailment as a result of transmission facility downtime, or the failure of any relevant jurisdiction to expand transmission facilities, may have a material adverse effect on our ability to deliver electricity to its various counterparties or the requirement of counterparties to accept and pay for energy delivery, which could materially and adversely affect our assets, liabilities, business, financial condition, results of operations and cash flows.

We may pursue acquisitions that involve inherent risks related to potential internal control weaknesses and significant deficiencies which may be costly for us to remedy and could impact management assessment of internal control effectiveness.

Although our independent registered public accounting firm will not be required to formally attest to our internal control effectiveness while we are a smaller reporting company, management is still responsible for assessing internal control effectiveness at a consolidated level. If we acquire companies and integrate them into our business, the process of integrating our existing operations with entities that could potentially have material weaknesses and/or significant deficiencies may result in unforeseen operating difficulties and may require significant financial resources to remedy any material weaknesses or significant deficiencies that would otherwise be available for the ongoing development or expansion of our existing business. These potential material weaknesses and deficiencies may be costly for us to remedy and properly assess internal control effectiveness.

Uncertain global macro-economic and political conditions could materially adversely affect our results of operations and financial condition.

Our results of operations are materially affected by economic and political conditions in the U.S. and internationally, including inflation, deflation, interest rates, availability of capital, energy and commodity prices, trade laws and the effects of governmental initiatives to manage economic conditions.

The current invasion of Ukraine by Russia has escalated tensions among the U.S., NATO and Russia. The U.S. and other NATO member states, as well as non-member states, have announced new sanctions against Russia and certain Russian banks, enterprises and individuals. These and any future additional sanctions and any resulting conflict between Russia, the U.S. and NATO countries could have an adverse impact on our current operations.

Further, such invasion, ongoing military conflict, resulting sanctions and related countermeasures by NATO states, the U.S. and other countries are likely to lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions for equipment, which could have an adverse impact on our operations and financial performance.

We are an "emerging growth company” and "smaller reporting company” within the meaning of the Securities Act and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, it could make our securities less attractive to investors and may make it more difficult to compare our performance to the performance of other public companies.

We are an "emerging growth company” as defined in Section 2(a)(19) of the Securities Act, as modified by the JOBS Act. As such, we are eligible for and intends to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as it continues to be an emerging growth company, including, but not limited to, (a) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (b) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (c) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year in which the market value of shares of common stock that are held by non-affiliates exceeds $700 million as of March 30 of that fiscal year, (ii) the last day of the fiscal year in which it has total annual gross revenue of $1.235 billion or more during such fiscal year (as indexed for inflation), (iii) the date on which it has issued more than $1 billion in non-convertible debt in the prior three-year period or (iv) December 31, 2026, which is the last day of the fiscal year following the fifth anniversary of the date of the first sale of common stock in CLIN’s IPO. We cannot predict whether investors will find our securities less attractive because it will rely on these exemptions. If some investors find our securities less attractive as a result of its reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

As an emerging growth company, we may also take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to obtain an assessment of the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our shares of common stock less attractive because we will rely on these exemptions. If some investors find our shares of common stock less attractive as a result, there may be a less active market for our shares of common stock and our share price may be more volatile.

Additionally, we qualify as a "smaller reporting company” as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We expect that we will remain a smaller reporting company until the last day of any fiscal year for so long as either (a) the market value of our common stock held by non-affiliates does not equal or exceed $250 million as of the end of that year’s second quarter, or (b) our annual revenues did not equal or exceed $100 million during such completed fiscal year and the market value of our common stock held by non-affiliates did not equal or exceed $700 million as of the end of that year’s second quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible.

Our stock price may be volatile and may decline regardless of our operating performance.

The market price of our common stock may fluctuate significantly in response to numerous factors and may continue to fluctuate for these and other reasons, many of which are beyond our control, including, but not limited to:

- actual or anticipated fluctuations in our revenue and results of operations;
- any financial projections we may provide to the public in the future, any changes in these projections or its failure to meet these projections;
- failure of securities analysts to initiate and maintain our coverage, changes in financial estimates or ratings by any securities analysts who follow us or its failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, results of operations or capital commitments;
- changes in operating performance and stock market valuations of other clean energy and alternative energy companies generally, or those in the energy industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- trading volume of our common stock;
- the inclusion, exclusion or removal of our common stock from any indices;
- changes in the our Board or management;
- transactions in our securities by our directors, officers, affiliates and other major investors;

- lawsuits threatened or filed against us;
- changes in laws or regulations applicable to our business;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and other markets in which we operate;
- pandemics or other public health crises, including, but not limited to, the COVID-19 pandemic (including additional variants);
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events; and
- the other factors described in this "*Risk Factors*" section.

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of companies have experienced fluctuations that often have been unrelated or disproportionate to their operating results. In the past, stockholders have sometimes instituted securities class action litigation against companies, and particularly against companies who have recently "gone public" through a DeSPAC transaction, following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources and harm its business, financial condition and results of operations.

Our stock price is subject to volatility, which could have a material adverse impact on investors and employee retention.

The price of our stock has experienced substantial price volatility and may continue to do so in the future. From January 1, 2024 to June 6, 2025, our stock price fluctuated between a low of $0.02 per share and a high of $31.75 per share. Additionally, the energy and technology industries, and the stock market as a whole have, from time to time, experienced extreme stock price and volume fluctuations that have affected stock prices in ways that may have been unrelated to the performance of the companies in these sectors. We believe the price of our stock should reflect expectations of future growth and profitability. If we fail to meet expectations related to future growth, profitability, or other market expectations, the price of our stock may decline significantly, which could have a material adverse impact on investor confidence and employee retention.

An active trading market for our common stock may not be sustained.

Our common stock is listed on OTCQB under the symbol "ALCE" and trades on that market. We cannot assure you that an active trading market for its common stock will be sustained. Accordingly, we cannot assure you of the liquidity of any trading market, your ability to sell your shares of common stock when desired or the prices that you may obtain for your shares.

As a result of being listed on the OTC Market and no longer listed on a national exchange, we face significant material adverse consequences, including but not limited to:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a limited amount of news and analyst coverage for the company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We may issue additional shares of common stock or other equity securities without your approval, which would dilute your ownership interests and may depress the market price of our common stock.

We have warrants outstanding to purchase up to 37,000,149 shares of our common stock. We will also have the ability to initially issue up to 2,240,000 shares of our common stock under the 2023 Plan (as defined below).

We may issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

Our issuance of additional shares of common stock or other equity securities of equal or senior rank could, without limitation, have the following effects:

- our existing stockholders' proportionate ownership interest in us will decrease;
- the amount of cash available per share, including for payment of dividends (if any) in the future, may decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; and
- the market price of our shares of common stock may decline.

We identified material weaknesses in our internal control over financial reporting which, if not remediated appropriately or timely, could result in the loss of investor confidence and adversely impact our business operations and our stock price.

We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls, or any failure of those controls once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting, disclosure of management's assessment of our internal controls over financial reporting or disclosure of our public accounting firm's attestation to or report on management's assessment of our internal controls over financial reporting may have an adverse impact on the price of our common stock.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no system of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may become inadequate because of changes in conditions or the degree of compliance with policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

We identified material weaknesses in our internal control over financial reporting that existed as of December 31, 2024 due to (i) lack of an effective control environment commensurate with its financial reporting requirements; (ii) lack of design and maintenance of effective controls for communicating and sharing information within the Company; (iii) lack of design and maintenance of effective controls for transactions between related parties and affiliates recorded between itself, the parent company and its subsidiaries; (iv) lack of effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions and (v) lack of design and maintenance of formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures. Management has taken initial steps to remedy these weaknesses by increasing the capacity of our qualified financial personnel; implementing a monthly review with the appropriate responsible parties to review and confirm that the accounting department has received the proper documentation for various transactions; starting the process of formalizing documentation related to intercompany due to/from within the new organization structure; having third party experts review non routine, unusual and complex transactions; and working with an external consultant to review and assess the Company's current internal control structure.

While we believe these efforts will improve our internal controls and address the underlying causes of the material weaknesses, such material weaknesses will not be remediated until our remediation plan has been fully implemented and we have concluded that our controls are operating effectively for a sufficient period of time. We cannot be certain that the steps we are taking will be sufficient to remediate the control deficiencies that led to our material weaknesses in our internal control over financial reporting or prevent future material weaknesses or control deficiencies from occurring. While we are working to remediate the material weaknesses as timely and efficiently as possible, at this time we cannot provide an estimate of costs expected to be incurred in connection with the implementation of this remediation plan, nor can we provide an estimate of the time it will take to complete this remediation plan. Even if management does establish effective remedial measures, we cannot guarantee that those internal controls and disclosure controls that we put in place will prevent all possible errors, mistakes or all fraud.

If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be in violation of covenants contained in the agreements governing our debt. We could also be subject to sanctions or investigations by the stock exchange on which our shares are listed, the SEC or other regulatory authorities, which could result in a material adverse effect on our business. These outcomes could subject us to litigation, civil or criminal investigations or enforcement actions requiring the expenditure of financial resources and diversion of management time, could negatively affect investor confidence in the accuracy and completeness of our financial statements and could also adversely impact our stock price and our access to the capital markets.

Our internal controls over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

We are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. When we are no longer an emerging growth company, our independent registered public accounting firm may be required to audit the effectiveness of our internal controls over financial reporting pursuant to Section 404 in future Form 10-K filings. Our independent registered public accounting firm may issue a report that is adverse in the event that it is not satisfied with the level at which our controls are documented, designed or operating.

Further, we may need to undertake various actions, such as implementing additional internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. If we identify material weaknesses in our internal controls over financial reporting or are unable to comply with the requirements of Section 404 or assert that our internal controls over financial reporting are effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the SEC or other regulatory authorities, which could require additional financial and management resources.

We may face litigation and other risks as a result of the Restatement of our Condensed Consolidated Financial Statements as of and for the Three Months Ended March 31, 2024.

We have identified a material weakness in our internal control over financial reporting in this Annual Report and our 2023 Annual Reports on Form 10-K. Subsequent to the filing of the original Form 10-Q for the three months ended March 31, 2024, we identified some misstatements, requiring the restatement of the Company's condensed consolidated financial statements as of and for the three months ended March 31, 2024, which was partially caused by the same material weakness in internal control over financial reporting. As a result of such material weaknesses, the Restatement and other matters raised or that may in the future be raised by the SEC, we face potential for litigation or other disputes, which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the Restatement and the material weaknesses in our internal control over financial reporting and the preparation of our financial statements. As of the date of this Annual Report on Form 10-K, we have no knowledge of any such litigation or dispute. However, we can provide no assurance that such litigation or dispute will not arise in the future. Any such litigation or dispute, whether successful or not, could adversely affect our business, financial condition and results of operations.

Adverse publicity and potential concerns from our customers relating to or arising from the Restatement could have an adverse effect on our business and financial condition.

We could continue to be the subject of negative publicity focusing on the restatement and adjustment of our financial statements, and we may be adversely impacted by negative reactions from our customers or others with whom we do business. Concerns include the perception of the effort required to address our accounting and control environment. Continued adverse publicity and potential concerns from our customers could harm our business and have an adverse effect on our financial condition.

Delaware law and provisions in our certificate of incorporation and bylaws could make a merger, tender offer, or proxy contest difficult, thereby depressing the trading price of our common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of the common stock by acting to discourage, delay, or prevent a change of control of us or changes in our management that our stockholders may deem advantageous. These provisions include, without limitation, the following:

- a classified board of directors so that not all members of our Board are elected at one time;
- the right of the board of directors to establish the number of directors and fill any vacancies and newly created directorships;
- director removal by stockholders solely for cause and with the affirmative vote of at least two-thirds (2/3) of the voting power of our then-outstanding shares of capital stock entitled to vote generally in the election of directors;
- "blank check" preferred stock that our Board could use to implement a stockholder rights plan;
- the right of our Board to issue our authorized but unissued common stock and preferred stock without stockholder approval;
- no ability of our stockholders to call special meetings of stockholders;
- no right of our stockholders to act by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- limitations on the liability of and the provision of indemnification to, our director and officers;
- the right of the board of directors to make, alter, or repeal the our Bylaws; and
- advance notice requirements for nominations for election to the our Board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Any provision of our certificate of incorporation or our bylaws that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of common stock and could also affect the price that some investors are willing to pay for common stock.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our certificate of incorporation or our bylaws or any action asserting a claim against us that is governed by the internal affairs doctrine. These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our certificate of incorporation provides further that, to the fullest extent permitted by law, the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, Section 22 of the Securities Act provides that federal and state courts have concurrent jurisdiction over lawsuits brought under the Securities Act or the rules and regulations thereunder. To the extent the exclusive forum provision restricts the courts in which claims arising under the Securities Act may be brought, there is uncertainty as to whether a court would enforce such a provision. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Furthermore, the enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions and there can be no assurance that such provisions will be enforced by a court in those other jurisdictions. If a court were to find the exclusive-forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm its business.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Alternus employs a strategic, multilayered approach to cybersecurity based on the National Institute of Standards and Technology (NIST) framework. The company maintains a dedicated internal cybersecurity team that oversees the development, implementation, and continual improvement of cybersecurity policies, tools, and procedures to identify, prevent, detect, respond to, and recover from evolving cyber threats.

The Information Technology team collaborates with key functions across the company, including risk management, legal, finance, and operations to assess organizational exposure to cybersecurity risks. These assessments are integrated into Alternus' Information Security Policy, which is regularly reviewed and updated in coordination with company leadership.

Cybersecurity risk is managed through multiple, overlapping controls and strategic initiatives, including:

- The implementation of a comprehensive cybersecurity policy addressing acceptable use, data governance, social media, encryption, remote access, authentication, vulnerability management, and incident response;
- Cybersecurity awareness training for all employees;
- A multidisciplinary cybersecurity incident response team with defined protocols and escalation paths;
- Tabletop exercises to test and refine response readiness;
- Continuous integration of intelligence from industry and government sources into internal monitoring and defense processes;
- Ongoing internal reviews of enterprise applications and infrastructure, including access control evaluations and configuration audits.

The Chief Information Officer (CIO), with more than 20 years of experience in information and operational technology, holds primary responsibility for the cybersecurity program. Under the CIO's leadership, the IT team continuously evaluates risk postures and safeguards Alternus' critical cyber assets. Their efforts are designed to provide resilience against both common and sophisticated cyber threats.

The organization has implemented strong internal evaluation mechanisms and governance structures to ensure the integrity and maturity of its cybersecurity position. Risk management of third-party service providers, especially those handling sensitive data or enterprise applications, is carried out through documented access reviews and contractual safeguards, including SOC 2 reporting where applicable.

Although Alternus has not experienced cybersecurity events that have materially impacted the business, like most organizations, it faces ongoing risks such as phishing, malware, and attempted unauthorized access. These are monitored and addressed in accordance with established policies. See "Item 1A. Risk Factors" for additional information regarding our organization's cybersecurity risks, which should be read together with this "Item 1C. Cybersecurity".

Item 2. Properties.

Our principal executive offices are located at 17 State Street, Suite 4000, New York, NY 10004.

Item 3. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company's business. Other than the following matters, we are not aware of any such legal proceedings that will have, individually or in the aggregate, a material adverse effect on its business, financial condition or operating results.

On October 15, 2024 Sunrise Development LLC ("Sunrise") requested a hearing be scheduled in binding arbitration against the Company, two of its former indirect wholly owned subsidiaries, ALT US 03 and ALT US 04, and a related party, Alternus Energy Group PLC ("AEG"), to be conducted in Minneapolis, MN in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), claiming that approximately $5 million is due and owed to Sunrise pursuant to a settlement agreement by and among the parties, plus costs, expenses, legal fees and interest. On or about February 6, 2025, the Company entered into a second set of settlement terms with Sunrise, pursuant to which the Company agreed to make certain monthly payments to Sunrise, related to amounts allegedly owed by one of the Company's former subsidiaries pursuant to a share purchase agreement, and in exchange Sunrise dismissed its arbitration case against the Company. As of March 10, 2025, the Company breached its payment obligations under the settlement terms. As a result, upon breach in March 2025, Sunrise alleges that approximately $5.7 million is immediately due and payable by the Company to Sunrise. Sunrise has commenced proceedings to file a stipulation with the arbitrator, under which the arbitration award would be entered against the Company. The Company is defending itself in this matter, claiming that a portion of this amount has already been repaid. The Company has accrued a liability for this loss contingency in the amount of approximately $5 million, which represents the contractual amount allegedly owed. It is reasonably possible that the potential loss may exceed our accrued liability due to costs, expenses, legal fees, and interest that are also alleged by Sunrise as owed, but at the time of filing this report, we are unable to determine an estimate of that possible additional loss in excess of the amount accrued.

On March 11, 2025, the Company was served a complaint filed in the Superior Court of the State of Delaware by SPAC Sponsor Capital Access ("SCAF") , claiming that approximately $1.5 million is due and owed to SCAF pursuant to a settlement agreement by and among the parties, plus costs, expenses, legal fees, interest and damages, if proven. The Company has accrued a liability for this loss contingency in the amount of approximately $1.5 million, which represents the contractual amount allegedly owed. It is reasonably possible that the potential loss may exceed our accrued liability due to costs, expenses, legal fees, interest and damages that are also alleged by SCAF as owed, but at the time of filing this report, we are unable to determine an estimate of that possible additional loss in excess of the amount accrued. The parties are currently in further settlement discussions.

On May 8, 2025, the Company, Alternus Energy Group PLC (AEG) and one of AEG's subsidiaries, Alternus Energy Americas Inc. (AEA), was served a Demand for Arbitration through JAMS in Washington DC by Orrick, Herrington and Sutcliffe LLP ("Orrick"), claiming that approximately $1 million is due and owed to Orrick pursuant to an engagement agreement entered into with AEA, plus interest. The Company intends to vigorously defend itself in this matter and has filed a motion to dismiss itself from the arbitration as the Company was not a party to this engagement agreement nor is AEA a subsidiary of the Company.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is trading on the OTC Market under the symbol "ALCE."

Holders

As of June 6, 2025, there were 73 stockholders of record of our common stock and 1 stockholder of record of our Series A Super Voting Preferred Stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, this number is not representative of the total number of beneficial owners of our stock.

Dividends

The Company has not paid any cash dividends on shares of our common stock to date. The payment of cash dividends in the future will depend upon our revenues and earnings, if any, capital requirements and general financial condition. The payment of any cash dividends will be within the discretion of our board of directors at such time.

Series A Super Voting Preferred Stock

On February 14, 2025, the board of directors (the "Board") of the Company declared the formation of and approved the issuance of an aggregate of 1 share of Series A Super Voting Preferred Stock, par value $0.0001 per share ("Series A"). On February 18, 2025, the Company filed a certificate of designation (the "Certificate of Designation") with the Secretary of State of the State of Delaware therein establishing the Series A Super Voting Preferred Stock and describing the rights, obligations and privileges of the Series A Super Voting Preferred Stock. Concurrently, the Company issued the 1 share of Series A on the same date, in book-entry form. Each share of Series A has a par value of $0.0001 per share. The Series A is not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company. The Series A has no stated maturity and is not subject to any sinking fund. The holders of Series A shall not be entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Company.

On March 21, 2025 the Company filed an Amended and Restated Certificate of Designation of its Series A, such that 10,000 shares are designated as Series A and issued to Mr. Vincent Browne and each share of the Series A is entitled to have the right to vote in an amount equal to 10,000 votes per share, voting with the common stock on all matters as a single class.

On April 24, 2025 the Company issued an additional 50,000 shares of Series A to Mr. Browne.

Securities Authorized for Issuance Under Equity Compensation Plans

On October 9, 2022, our board of directors approved and on December 4, 2023 our stockholders approved the Alternus Clean Energy Inc. 2023 Equity Incentive Plan (the "2023 Plan"). The 2023 Plan provides for the grant of the following types of stock awards: (i) incentive stock options, (ii) stock appreciation rights, (iii) restricted stock awards, (iv) restricted stock unit awards and (v) performance awards. The 2023 Plan is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate and provide a means by which the eligible recipients may benefit from increases in value of the common stock. The Board originally reserved 320,000 shares of common stock issuable upon the grant of awards. On November 15, 2024 the board of directors and our stockholders approved an increase to reserve 2,240,000 shares of common stock issuable upon the grant of awards.

On March 21, 2025, Vincent Browne, our CEO and majority voting shareholder, representing 91% of the shares entitled to vote, approved an amendment to the Company's 2023 Equity Incentive Plan relating to an increase in the number of shares of Common Stock that shall be available for the grant of awards under the Plan from 2,240,000 shares of Common Stock, so that the maximum aggregate number of shares of Common Stock that may be issued under the Plan is increased each fiscal year (the "Adjustment Date") by an amount equal to the lesser of (i) that number of shares equal to 15% of the outstanding shares of Common Stock on the applicable Adjustment Date, less (a) the number of shares of Common Stock that may be issued under the Plan prior to the Adjustment Date, and (b) the number of shares of Common Stock that may be issued under any other stock option plan of the Company in effect as of the Adjustment Date; or (ii) such lesser number of shares of Common Stock as may be determined by the Board.

Currently no awards have been granted under the 2023 Plan.

Recent Sales of Unregistered Securities

During the fiscal year ended December 31, 2024, the Company made the following unregistered sales securities.

(1) On January 11, 2024, we issued 310,600 shares of restricted common stock valued at $30.75 per share to Nordic ESG and Impact Fund SCSp ("Nordic ESG") as settlement of AEG's €8m note.

(2) On January 23, 2024 we issued 3,252 shares of restricted common stock valued at $25.25 per share to Outside the Box Capital Inc. in exchange for services.

(3) On February 5, 2024 we issued to SCM Tech, LLC warrants to purchase up to 3,600 shares of restricted common stock, exercisable at $0.25 per share having a 5 year term and fair value of $86,000.

(4) On February 20, 2024 we issued 4,000 shares of restricted common stock valued at $8.75 per share to Moneta Advisory Partners, LLC in exchange for services.

(5) On March 19, 2024 we issued 9,000 shares of restricted common stock valued at $11.75 per share to SPAC Sponsor Capital Access.

(6) On April 19, 2024, the Company issued (a) a senior convertible note in the principal amount of $2,160,000, bearing an eight percent (8.0%) original issue discount (the "Convertible Note"), and (b) a warrant (the "Warrant") to purchase up to 96,443 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), equal to 50% of the face value of the Convertible Note divided by the volume weighted average price, at an exercise price of $12.00 per share (the "Exercise Price"). This warrant was adjusted, and as of November 12, 2024, to purchase up to 771,548 shares of the Company's common stock at an exercise price of $1.50 per share. We also issued a warrant to purchase 9,644 shares of common stock with an exercise price of $13.175 per share to the placement agent as part of the fees associated with this offering. Pursuant to the said offering, the Company received gross proceeds of $2,000,000, before fees and other expenses associated with the transaction. Further to the Adjustment Notice dated December 2, 2024, the Warrant was adjusted to an aggregate of 1,157,322 warrants to purchase up to 1,157,322 shares at an exercise price of $1.00 per share.

(7) On May 8, 2024 we issued 13,200 shares of restricted common stock valued at $8.75 per share to Outside the Box Capital Inc. in exchange for services.

(8) On May 8, 2024 we issued 4,000 shares of restricted common stock valued at $8.75 per share to David Shapiro, CEO of B2i Digital, Inc. in exchange for services.

(9) On August 22, 2024 we issued 200,000 shares of restricted common stock valued at $5.95 per share to Hover Energy LLC in accordance with a Joint Business Venture Heads of Terms Agreement.

(10) On October 1, 2024, the Company issued (a) a senior convertible note in the principal amount of $795,455, bearing a twelve percent (12.0%) original issue discount (the "Convertible Note"), and (b) a warrant (the "Warrant") to purchase up to 212,784 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), at an exercise price of $2.00 per share (the "Exercise Price"). This warrant was adjusted, and as of December 2, 2024, they are exercisable to purchase up to 425,571 shares at $1.00 per share, pursuant to the Adjustment Notice dated December 2, 2024. We also issued a warrant to purchase 21,278_shares of common stock with an exercise price of $2.20 per share to the placement agent as part of the fees associated with this offering. Pursuant to the said offering, the Company received gross proceeds of $700,000, before fees and other expenses associated with the transaction.

(11) On October 9, 2024 we issued 20,000 shares of restricted common stock valued at $2.675 per share to David Shapiro, CEO of B2i Digital, Inc. in exchange for services.

(12) On October 21, 2024 we issued (a) a senior convertible note in the principal amount of $607,955, bearing a twelve percent (12.0%) original issue discount (the "Convertible Note"), and (b) a warrant (the "Warrant") to purchase up to 162,628 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), at an exercise price of $2.00 per share (the "Exercise Price"). This warrant was adjusted on December 2, 2024 to purchase up to 325,257 shares at an exercise price of $1.00 per share, pursuant to the Adjustment Notice dated December 2, 2024. We also issued a warrant to purchase 16,263 shares of common stock with an exercise price of $2.20 per share to the placement agent as part of the fees associated with this offering. Pursuant to the said offering, the Company received gross proceeds of $535,000, before fees and other expenses associated with the transaction.

(13) On November 12, 2024, we issued (a) a senior convertible note in the principal amount of $852,273, bearing a twelve percent (12.0%) original issue discount (the "Convertible Note"), and (b) a warrant (the "Warrant") to purchase up to 303,978 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), at an exercise price of $1.50 per share. This warrant was adjusted on December 2, 2024, to purchase up to 455,967 shares at an exercise price of $1.00 per share, pursuant to the Adjustment Notice dated December 2, 2024. We also issued a warrant to purchase 30,398 shares of common stock with an exercise price of $2.20 per share to the placement agent as part of the fees associated with this offering. Pursuant to the said offering, the Company received gross proceeds of $750,000, before fees and other expenses associated with the transaction.

(14) On December 4, 2024, we issued an original issue discount 20% unsecured convertible promissory note in the principal amount of $1,250,000 ("Secure Net Note"), and (b) a placement agent warrant up to an aggregate of five percent (5%) of the number of shares of common stock issued upon conversion of the Secure Net Note, if the Secure Net Note are converted after the maturity date of the Secure Net Note. The said issuances were further to our closing a Note Purchase Agreement ("December Purchase Agreement"), as aforementioned dated, for which we received net proceeds of $1,000,000.

(15) On December 5, 2024, we issued (a) a senior convertible note in the principal amount of $244,371, bearing a twelve percent (12.0%) original issue discount (the "Convertible Note"), and (b) a warrant (the "Warrant") to purchase up to 130,710 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), at an exercise price of $1.00 per share. We also issued a warrant to purchase 8,714 shares of common stock with an exercise price of $2.20 per share to the placement agent as part of the fees associated with this offering.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe each of these transactions was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D promulgated thereunder) as transactions by an issuer not involving any public offering or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

The Company had no sales of unregistered equity securities other than as described above during the period covered by this Annual Report on Form 10-K that were not previously reported in a Current Report on Form 8-K or Quarterly Report on Form 10-Q.

Transfer Agent

The transfer agent for our common stock and warrant agent is Equiniti Trust Company, LLC (formerly known as American Stock Transfer & Trust Company).

Item 6. [Reserved]

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our audited financial statements and the notes related thereto which are included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Special Note Regarding Forward-Looking Statements," "Item 1A. Risk Factors" and elsewhere in this Annual Report on Form 10-K.

Overview

We are a renewable energy company committed to advancing sustainable solutions. With a focus on utility-scale projects, such as solar parks, and complementary technologies like microgrids and battery storage, we aim to deliver comprehensive, clean energy across Europe and America. Through strategic investments, we are building a portfolio poised to lead the transition to a sustainable energy future.

The Company was incorporated in Delaware on May 14, 2021, and was originally known as Clean Earth Acquisitions Corp. ("Clean Earth").

On October 12, 2022, Clean Earth entered into a Business Combination Agreement, as amended by that certain First Amendment to the Business Combination Agreement, dated as of April 12, 2023 (the "First BCA Amendment") (as amended by the First BCA Amendment, the "Initial Business Combination Agreement"), and as amended and restated by that certain Amended and Restated Business Combination Agreement, dated as of December 22, 2023 (the "A&R BCA") (the Initial Business Combination Agreement, as amended and restated by the A&R BCA, the "Business Combination Agreement"), by and among Clean Earth, Alternus Energy Group Plc ("AEG"), and the Sponsor. Following the approval of the Initial Business Combination Agreement and the transactions contemplated thereby at the special meeting of the stockholders of Clean Earth held on December 4, 2023, the Company consummated the Business Combination on December 22, 2023. In accordance with the Business Combination Agreement, Clean Earth issued 2,300,000 shares of common stock of Clean Earth, par value $0.0001 per share, to AEG, and AEG transferred to Clean Earth, and Clean Earth received from AEG, all of the issued and outstanding equity interests in the Acquired Subsidiaries (as defined in the Business Combination Agreement) (the "Equity Exchange," and together with the other transactions contemplated by the Business Combination Agreement, the "Business Combination"). In connection with the Closing, the Company changed its name from Clean Earth Acquisition Corp. to Alternus Clean Energy, Inc.

The Company uses annual recurring revenues as a key metric in its financial management information and believes this method better reflects the long-term stability of operations into the future. Annual recurring revenues are defined as the estimated future revenue generated by operating solar parks based on the remaining term by the price received per mega-watt hour (MWh) of energy produced multiplied by the estimated production from each solar park over a full year of operation. It should be noted that the actual revenues reported by the Company in a particular year may be lower than the annual recurring revenues because not all parks may be revenue generating for the full year in their first year of operation. The Company must also account for the timing of acquisitions that take place throughout the financial year.

Impacts of the Ukraine/Russia conflict

The geopolitical situation in Eastern Europe intensified on February 24, 2022 with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighboring countries (e.g., Belarus, Poland, Romania) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. These events have not impacted the physical operations of our facilities in Romania. However, the Company has seen fluctuations in energy rates due to inflation, increased interest rates, and other macro-economic factors.

Known trends or Uncertainties

The Company has a working capital deficiency and negative equity. Management has determined there is doubt about the Company's ability to continue as a going concern if planned financing and/or equity raises do not complete. Refer to Footnote 2 of the accompanying financial statements.

The Company is currently working on several processes to address the going concern issue. We are working with multiple global banks and funds to secure the necessary corporate and project level financing to execute our transatlantic business plan.

Competitive Strengths

The Company believes the following competitive strengths have contributed and will continue to contribute to its success:

● ***Fully Integrated Clean Energy Provider Model:***

We operate as a comprehensive energy provider, managing the full renewable energy value chain across both utility scale and behind-the-meter microgrid markets. This "develop-to-own or sell" strategy enables the Company to capture greater margin and retain control from early-stage development through to long-term operations or strategic monetization, unlike peers focused solely on operational asset acquisitions.

● ***Experienced and Adaptive Management Team:***

The leadership team brings decades of collective experience in capital markets, energy infrastructure, project development, and public company governance. Recent partnerships also bolster technical and operational capabilities in areas such as microgrids, reinforcing the Company's strategic direction.

● ***Capital-Efficient Growth Through Project-Level Leverage:***

Our approach emphasizes projects with minimal to no owner equity requirements, particularly in the U.S. where tax equity (ITC) and long-term debt can fund up to 100% of project costs. This model allows for rapid, capital-efficient scaling and high-return deployments, freeing up corporate equity for strategic growth.

● ***Transatlantic Market Footprint Mitigates Risk:***

With operations and revenue targets split between North America and Europe by 2029, Alternus is uniquely positioned to reduce geopolitical and regulatory concentration risk. The diversified presence enhances resilience and positions the Company to capture incentives from multiple clean energy policy regimes.

● ***Unique Microgrid Technology and Offerings:***

Through partnerships such as with Hover Energy, Alternus delivers differentiated microgrid solutions combining rooftop wind, solar, storage, and AI-based energy management systems. This provides a compelling and exclusive offering, particularly in the high-growth commercial and industrial market segments.

● ***Proven International Expansion and Partner Network:***

The Company's ability to enter new geographies and establish strong local partnerships has enabled consistent expansion across Europe and North America. These local relationships and Alternus' development track record provide a competitive edge in securing grid access, permits, and financing in highly competitive markets.

● ***Flexible and Technology Agnostic Strategy:***

Alternus is not tied to specific technologies or suppliers, allowing it to source best-in-class components and services globally. This flexibility supports cost optimization and futureproofing as new solutions and innovations emerge in the renewable energy space.

Vision and Strategy:

We are expanding beyond our core utility solar operations by integrating microgrids and on-site generation systems that provide customers with energy resilience, grid independence, and long-term cost savings. These customer deployed systems enable faster revenue realization and lower capital intensity compared to utility scale projects.

To accelerate this transition, we are actively forming strategic partnerships and pursuing targeted ventures and acquisitions in high-growth areas such as battery storage and circular economy energy systems. These additions enhance our technical capabilities, diversify revenue streams, and strengthen our ability to meet the rising demand for consistent power driven by AI, data centers, and industrial onshoring.

This strategy builds on our foundation as an integrated independent power producer (IPP) with experience developing a portfolio of renewable energy assets across North America and Europe. By owning and operating long-term contracted energy projects, we generate stable, recurring income while unlocking lasting value for shareholders.

With strong regulatory tailwinds and rapidly growing global demand for sustainable and reliable energy, Alternus is well positioned to scale as a more comprehensive energy provider, broadening our market reach, enhancing financial performance, and advancing our mission to power a cleaner, more resilient energy future.

To achieve its goals, the Company intends to pursue the following strategies:

- Continue our growth strategy of acquiring utility scale clean energy (e.g., solar, battery storage and other technologies) projects that are either in development, in construction, newly installed or already operational, in order to build a diversified portfolio across multiple geographies;

- Pursue expansion into complementary or strategic market segments either through M&A or strategic partnerships that enhance and diversify our core energy generation business. These additional segments are designed to create independent income streams and strengthen our asset platform;

- Strengthen long-term relationships with high-quality developers and other partners, both local and international, to reduce competition in acquisition pricing and provide Alternus with exclusive rights to projects at varying stages of development. This provides the Company with a better understanding of the markets we address and, in some cases, enables it to contract for projects in a less competitive environment;

- Expand our US and European portfolio in regions with attractive returns on investments, and increase the Company's long-term recurring revenue and cash flow;

- Secure strong and predictable cash flows via long-term FiT (feed-in tariff) contracts combined with the Company's efficient operations. This allows for high leverage capacity and flexibility of debt structuring. Our strategy is to reinvest of project cash flows into additional projects to provide non-dilutive capital for Alternus to "self-fund" organic growth;

- Optimization of financing sources to support long-term growth and profitability in a cost-efficient manner;

- As a renewable energy company, we are committed to growing our portfolio of projects in the most sustainable way possible. Alternus is highly aware and conscious of the ever growing need to mitigate the effects of climate change which is evident by its core strategy. As the Company grows, it intends to establish a formal sustainability policy framework in order to ensure that all project development is carried out in a sustainable manner, mitigating any potential local and environmental impacts identified during the development, construction, and operational process.

Given the long-term nature of our business, Alternus operates with a strategic focus on sustained value creation rather than short-term quarterly performance. Our approach prioritizes maximizing long-term shareholder returns by developing projects from the ground up and acquiring assets at various stages of maturity, whether in development, under construction, or already operational. In parallel, we are expanding into complementary market segments that enhance our operational capabilities and financial performance, strengthening the foundation for consistent, scalable growth.

Key Factors that Significantly Affect Company Results of Operations and Business

The Company expects inflation and energy rate fluctuations will affect its results of operations.

Offtake Contracts

Company revenue is primarily a function of the volume of electricity generated and sold by its renewable energy facilities as well as, where applicable, the sale of green energy certificates and other environmental attributes related to energy generation. The Company's current portfolio of renewable energy facilities is generally contracted under long-term FiT programs or PPAs with investment grade counterparties. Pricing of the electricity sold under these FiTs and PPAs is generally fixed for the duration of the contract, although some of its PPAs have price escalators based on an index (such as the consumer price index) or other rates specified in the applicable PPA.

Project Operations and Generation Availability

The Company revenue is a function of the volume of electricity generated and sold by Company renewable energy facilities. The volume of electricity generated and sold by the Company's renewable energy facilities during a particular period is impacted by the number of facilities that have achieved commercial operations, as well as both scheduled and unexpected repair and maintenance required to keep its facilities operational.

The costs the Company incurs to operate, maintain, and manage renewable energy facilities also affect the results of operations. Equipment performance represents the primary factor affecting the Company's operating results because equipment downtime impacts the volume of the electricity that the Company can generate from its renewable energy facilities. The volume of electricity generated and sold by the Company's facilities will also be negatively impacted if any facilities experience higher than normal downtime because of equipment failures, electrical grid disruption or curtailment, weather disruptions, or other events beyond the Company's control.

Seasonality and Resource Variability

The amount of electricity produced and revenues generated by the Company's solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. As shorter daylight hours in winter months result in less irradiation, the electricity generated by these facilities will vary depending on the season. Irradiation can also be variable at a particular location from period to period due to weather or other meteorological patterns, which can affect operating results. As most of the Company's solar power plants are in the Northern Hemisphere, the Company expects its current solar portfolio's power generation to be at its lowest during the first and fourth quarters of each year. Therefore, the Company expects first and fourth quarter solar revenue to be lower than in other quarters. As a result, on average, each solar park generates approximately 15% of its annual revenues in Q1 every year, 35% in each of Q2 and Q3, and the remaining 15% in Q4. The Company's costs are relatively flat over the year, and so the Company will always report lower profits in Q1 and Q4 as compared to the middle of the year.

Interest Rates on Company Debt

Interest rates on the Company's senior debt are mostly variable for the full term of the debt at interest rates ranging from 6% to 30%. The relative certainty of cash flows provides sufficient coverage ratios.

In addition to the project specific senior debt, the Company uses a small number of promissory notes to reduce, and in some cases eliminate, the requirement for the Company to provide equity in the acquisition of the projects. As of December 31, 2024, 62.2% of the Company's total liabilities were project-related debt.

Cash Distribution Restrictions

In certain cases, the Company, through its subsidiaries, obtain project-level or other limited or non-recourse financing for Company renewable energy facilities which may limit these subsidiaries' ability to distribute funds to the Company for corporate operational costs. These limitations typically require that the project-level cash is used to meet debt obligations and fund operating reserves of the operating subsidiary. These financing arrangements also generally limit the Company's ability to distribute funds generated from the projects if defaults have occurred or would occur with the giving of notice or the lapse of time or both.

Renewable Energy Facility Acquisitions and Investments

The Company's long-term growth strategy is dependent on its ability to acquire additional renewable power generation assets. This growth is expected to be comprised of additional acquisitions across the Company's scope of operations both in its current focus countries and new countries. Our operating revenues are insufficient to fund our operations, and our assets already are pledged to secure our indebtedness to various third party secured creditors, respectively. The unavailability of additional financing could require us to delay, scale back, or terminate our acquisition efforts as well as our own business activities, which would have a material adverse effect on the Company and its viability and prospects.

Management believes renewable power has been one of the fastest growing sources of electricity generation globally over the past decade. The Company expects the renewable energy generation segment to continue to offer growth opportunities driven by:

- The continued reduction in the cost of solar and other renewable energy technologies, which the Company believes will lead to grid parity in an increasing number of markets;

- Distribution charges and the effects of an aging transmission infrastructure, which enable renewable energy generation sources located at a customer's site, or distributed generation, to be more competitive with, or cheaper than, grid-supplied electricity;

- The replacement of aging and conventional power generation facilities in the face of increasing industry challenges, such as regulatory barriers, increasing costs of and difficulties in obtaining and maintaining applicable permits, and the decommissioning of certain types of conventional power generation facilities, such as coal and nuclear facilities;

- The ability to couple renewable energy generation with other forms of power generation and/or storage, creating a hybrid energy solution capable of providing energy on a 24/7 basis while reducing the average cost of electricity obtained through the system;

- The desire of energy consumers to lock in long-term pricing for a reliable energy source;

- Renewable energy generation's ability to utilize freely available sources of fuel, thus avoiding the risks of price volatility and market disruptions associated with many conventional fuel sources;

- Environmental concerns over conventional power generation; and

- Government policies that encourage the development of renewable power, such as country, state or provincial renewable portfolio standard programs, which motivate utilities to procure electricity from renewable resources.

Access to Capital Markets

The Company's ability to acquire additional clean power generation assets and manage its other commitments will likely be dependent on its ability to raise or borrow additional funds and access debt and equity capital markets, including the equity capital markets, the corporate debt markets, and the project finance market for project-level debt. The Company accessed the capital markets several times in 2023 and 2024 in connection with long-term project debt, and corporate loans and equity. Limitations on the Company's ability to access the corporate and project finance debt and equity capital markets in the future on terms that are accretive to its existing cash flows would be expected to negatively affect its results of operations, business, and future growth.

Foreign Exchange

The Company's operating results are reported in United States dollars (USD). The Company's current project revenue and expenses are generated in other currencies, including the Euro (EUR), the Polish Zloty (PLN), and the Romanian Lei (RON). This mix may continue to change in the future if the Company elects to alter the mix of its portfolio within its existing markets or elect to expand into new markets. In addition, the Company's investments (including intercompany loans) in renewable energy facilities in foreign countries are exposed to foreign currency fluctuations. As a result, the Company expects revenues and expenses will be exposed to foreign exchange fluctuations in local currencies where the Company's renewable energy facilities are located. To the extent the Company does not hedge these exposures, fluctuations in foreign exchange rates could negatively impact profitability and financial position.

Key Metrics

Operating Metrics

The Company regularly reviews several operating metrics to evaluate its performance, identify trends affecting its business, formulate financial projections, and make certain strategic decisions. The Company considers a solar park operating when it has achieved connection and begins selling electricity to the energy grid.

Operating Nameplate capacity

The Company measures the electricity-generating production capacity of its renewable energy facilities in nameplate capacity. The Company expresses nameplate capacity in direct current (DC), for all facilities. The size of the Company's renewable energy facilities varies significantly among the assets comprising its portfolio.

The Company believes the combined nameplate capacity of its portfolio is indicative of its overall production capacity and period to period comparisons of its nameplate capacity are indicative of the growth rate of its business. The production capacity listed below for Poland, the Netherlands, Romania, and the United States reflect the actual production from those parks while they were owned by or operating under the Company for the year ended December 31, 2024. The parks were sold on January 19, 2024, February 21, 2024, October 3, 2024, and November 5, 2024, respectively. Refer to Footnotes 19 and 20 for additional information on the sale/disposal of the parks.

The table below outlines the Company's operating renewable energy facilities as of December 31, 2024 and 2023:

	Year Ended December 31,	
MW (DC) Nameplate capacity by country	**2024**	**2023**
United States	0.0	3.8
Total	0.0	3.8
Discontinued Operations:		
Netherlands	0.0	11.8
Poland	0.0	88.4
Romania	0.0	40.1
Total	0.0	140.3
Total for the period	**0.0**	**144.1**

Megawatt hours sold

Megawatt hours sold refers to the actual volume of electricity sold by the Company's renewable energy facilities during a particular period. The Company tracks MWh sold as an indicator of its ability to realize cash flows from the generation of electricity at its renewable energy facilities. The megawatt hours listed below for Poland, the Netherlands, Romania, and the United States reflect the actual volume of electricity sold during the year ended December 31, 2024. The parks were sold on January 19, 2024, February 21, 2024, October 3, 2024, and November 5, 2024, respectively. Refer to Footnotes 19 and 20 for additional information on the sale/disposal of the parks.

The Company's MWh sold for renewable energy facilities for the years ended December 31, 2024 and 2023, were as follows:

	Year Ended December 31,	
MWh (DC) Sold by country	**2024**	**2023**
Italy	-	10,224
United States	4,540	1,761
Total	4,540	11,985
Discontinued Operations:		
Netherlands	466	11,083
Poland	500	91,904
Romania	42,741	50,491
Total	43,707	153,478
Total for the period	**48,247**	**165,463**

Consolidated Results of Operations

The following table illustrates the consolidated results of operations for the years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31,	
	2024	**2023**
Revenues	$ 311	$ 3,476
Operating Expenses		
Cost of revenues	(364)	(1,301)
Selling, general, and administrative	(11,984)	(4,934)
Depreciation, amortization, and accretion	(215)	(1,673)
Development costs	(748)	(360)
Impairment of Spanish assets	(3,263)	-
Loss on disposal of assets	-	(5,501)
Total operating expenses	(16,574)	(13,769)
Loss from continuing operations	(16,263)	(10,293)
Other income/(expense):		
Interest expense	(8,774)	(5,634)
Valuation on FPA asset	-	(16,642)
Fair value movement of FPA asset	(483)	-
Fair value movement of convertible debt	67	-
Fair value movement of warrant	565	-
Net loss on issuance of debt	(520)	-
Gain on extinguishment of debt	179	-
Other expense	(506)	(29)
Other income	1,571	-

Total other expenses	(7,901)	(22,305)
Loss before provision for income taxes	(24,164)	(32,598)
Income taxes	(590)	(15)
Loss from continuing operations	**(24,754)**	**(32,613)**
Discontinued operations:		
Loss from operations of discontinued business components	(7,543)	(13,692)
Gain on sale of discontinued operations, net assets	53,462	-
Solis bond waiver fee	-	(11,232)
Impairment loss recognized on the remeasurement to fair value less costs to sell	-	(11,766)
Income tax	(87)	(161)
Income/(loss) from discontinued operations	45,832	(36,851)
Net income/(loss) for the period	**$ 21,078**	**$ (69,464)**
Basic & diluted earnings loss per share of common stock:		
Continuing operations	$ (7.01)	$ (11.28)
Discontinued operations	12.98	(12.74)
Total earnings loss per share of common stock, basic & diluted	**$ 5.97**	**$ (24.02)**
Weighted-average common stock outstanding, basic & diluted	3,530,500	2,892,215
Comprehensive income/(loss):		
Net income/(loss)	$ 21,078	$ (69,464)
Foreign currency translation adjustment	245	714
Comprehensive income/(loss)	**$ 21,323**	**$ (68,750)**

Fiscal Year Ended December 31, 2024 compared to December 31, 2023.

The Company generates its revenue from the sale of electricity from its solar parks. The revenue is from FiT, PPA, REC, or in the day-ahead or spot market.

Revenue

Revenue for the year ended December 31, 2024 and 2023 were as follows:

Revenue by Country	**2024**	**2023**	**Change ($)**	**Change (%)**
	Year Ended December 31, (in thousands)			
Italy	$ -	$ 3,360	$ (3,360)	(100)%
United States	311	116	195	168%
Total for continuing operations	$ 311	$ 3,476	$ (3,165)	(91)%
Discontinued Operations:				
Netherlands	$ 16	$ 2,840	$ (2,824)	(99)%
Poland	106	7,593	(7,487)	(99)%
Romania	9,687	16,608	(6,921)	(42)%
Total for discontinued operations	$ 9,809	$ 27,041	$ (17,232)	(64)%
Total for the period	**$ 10,120**	**$ 30,517**	**$ (20,397)**	**(67)%**

Revenue for continuing operations decreased by $3.2 million for the year ended December 31, 2024 compared to the same period in 2023 as there was only one country producing revenue in 2024 (Lightwave parks) compared to the additional 11 Italian parks that were producing revenue in 2023. Furthermore, the total revenue for 2024 accounts for only 10 months as the Company deconsolidated Lightwave Renewables, LLC and sold 100% of its equity ownership to AEG (parent company) on November 5, 2024. Refer to Footnote 20 for additional deconsolidation information.

Revenue for discontinued operations decreased by $17.2 million for the year ended December 31, 2024 compared to the same period in 2023. All operating parks in Poland and the Netherlands were sold on January 19, 2024 and February 21, 2024, respectively, resulting in a $10.3 million decrease in revenues. Romanian revenues decreased by $6.9 million due to a lower volume of Green Certificates being sold in 2024 and lower energy rates obtained for energy production in 2024. Furthermore, the total Romanian revenue for 2024 accounts for only nine months as the Company sold the Romanian operating parks on October 3, 2024. Refer to Footnote 19 for additional sale information.

Revenue by Offtake Type	**2024**	**2023**	**Change ($)**	**Change (%)**
	Year Ended December 31, (in thousands)			
Country Renewable Programs (FiT)	$ 311	$ 2,505	$ (2,194)	(88)%
Energy Offtake Agreements (PPA)	-	962	(962)	(100)%
Total for continuing operations	$ 311	$ 3,467	$ (3,156)	(91)%
Discontinued Operations:				
Country Renewable Programs (FiT)	$ 334	$ 5,966	$ (5,632)	(94)%
Green Certificates	5,803	10,548	(4,745)	(45)%
Guarantees of Origin	-	129	(129)	(100)%
Energy Offtake Agreements (PPA)	3,638	10,403	(6,765)	(65)%
Other Revenue	34	4	30	750%
Total for discontinued operations	$ 9,809	$ 27,050	$ (17,241)	(64)%
Total for the period	**$ 10,120**	**$ 30,517**	**$ (20,397)**	**(67)%**

Cost of Revenues

The Company capitalizes its equipment costs, development costs, engineering costs, and construction related costs that are deemed recoverable. The Company's cost of revenues with regard to its solar parks is primarily a result of the asset management, operations, and maintenance, as well as tax, insurance, and lease expenses. Certain economic incentive programs, such as FiT regimes, generally include mechanisms that ratchet down incentives over time. As a result, the Company seeks to connect its solar parks to the local power grids and commence operations in a timely manner to benefit from more favorable existing incentives. Therefore, the Company generally seeks to make capital investments during times when incentives are most favorable.

Cost of revenues for the year ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,			
Cost of Revenues by Country	**2024**	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Italy	$ -	$ 1,204	$ (1,204)	(100)%
United States	364	97	267	275%
Total for continuing operations	$ 364	$ 1,301	$ (937)	(72)%
Discontinued Operations:				
Netherlands	$ 115	$ 450	$ (335)	(74)%
Poland	101	3,768	(3,667)	(97)%
Romania	3,936	3,167	769	24%
Total for discontinued operations	$ 4,152	$ 7,385	$ (3,233)	(44)%
Total for the period	**$ 4,516**	**$ 8,686**	**$ (4,170)**	**(48)%**

Cost of revenues for continuing operations decreased by $0.9 million for the year ended December 31, 2024 compared to the same period in 2023 as there was only one country with operating parks in 2024 (Lightwave parks) compared to the additional 11 Italian parks in 2023. Furthermore, the total costs of revenue for 2024 accounts for only 10 months as the Company deconsolidated Lightwave Renewables, LLC and sold 100% of its equity ownership to AEG (parent company) on November 5, 2024. Refer to Footnote 20 for additional deconsolidation information.

Gross margins were 17% of sales for the year ended December 31, 2024 compared to 63% for the same period in 2023, mainly due to the exclusion of Italian operating parks that were sold in December 2023.

Cost of revenues for discontinued operations decreased by $3.2 million for the year ended December 31, 2024 compared to the same period in 2023. All operating parks in Poland and the Netherlands were sold on January 19, 2024 and February 21, 2024, respectively, resulting in a $4.0 million decrease in cost of revenues. Romanian parks had a $0.8 million increase in operational costs driven by higher costs of energy acquisition for contracted revenues in the period. Furthermore, the total Romanian costs of revenue for 2024 accounts for only nine months as the Company sold the Romanian operating parks on October 3, 2024. Refer to Footnote 19 for additional sale information.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses for the year ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,			
	2024	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Selling, general and administrative	$ 11,984	$ 4,934	$ 7,050	143%
Total for continuing operations	$ 11,984	$ 4,934	$ 7,050	1473%
Discontinued Operations:				
Selling, general and administrative	$ 1,564	$ 6,294	$ (4,730)	$ (75)%
Total for discontinued operations	$ 1,564	$ 6,294	$ (4,730)	$ (75)%
Total for the period	**$ 13,548**	**$ 11,228**	**$ 2,320**	**21%**

Selling, general, and administrative expenses for continuing operations increased by $7.1 million for the year ended December 31, 2024 compared to the same period in 2023 mainly driven by an increase in audit, consulting, legal, and listing costs along with other costs relating to be listed on Nasdaq along with an increase in insurance costs.

Selling, general and administrative expenses for discontinued operations decreased by $4.7 million for the year ended December 31, 2024 compared to the same period in 2023 mainly driven by a decrease in the Solis management fee to oversee operations for five parks in Romania for 2024 compared to the 23 parks in 2023 (5 in Romania, 1 in the Netherlands, 6 in Poland, and 11 in Italy).

Acquisition Costs

On December 11, 2024, BESS LLC, a Delaware limited liability company and wholly owned subsidiary of the Company entered into an asset purchase agreement (the "APA") with LiiON LLC ("LiiON"), a U.S.-based expert in advanced energy storage solutions, and closed on the acquisition of certain assets related to LiiON's Battery Storage Business. The assets purchased included customer relationships, customer service agreements and intellectual property (IP). The Company determined that the set of assets and activities acquired in connection with the APA and related agreements constitute a business subject to the guidance in ASC 805 Business Combinations. Refer to Footnote 5 for more information.

Subsequent to December 31, 2024, the Company and LiiON LLC mutually agreed to rescind the Asset Purchase Agreement (see Footnote 5). The rescission was driven by the discovery of certain material issues not known at the time of closing including questions surrounding the perceived value of certain assets or relationships acquired as well as

NASDAQ's delisting of the Company's equity in February 2025. The agreement to rescind the transaction was finalized on April 29,2025, resulting in the unwinding of all consideration transferred and legal ownership.

The Company has evaluated the rescission in accordance with ASC 855, Subsequent Events, and determined it to be a non-recognized subsequent event, as the rescission did not change the condition of "control" that existed as of the acquisition date or the reporting period end. As such, no adjustments have been made to the financial statements for the period ended December 31, 2024. The rescission will be reflected in the Company's financial statements in the future accounting period in which the sale or disposal criteria are met (i.e., either the first or second quarterly period of the year ending December 31, 2025).

Development Cost

The Company depends heavily on government policies that support our business and enhance the economic feasibility of developing and operating solar energy projects in regions in which we operate or plan to develop and operate renewable energy facilities. The Company can decide to abandon a project if there is material change in budgetary constraints, political factors or otherwise, governments from time to time may review their laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes or other assessments on renewable energy, could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, our abandoning the development of renewable energy projects, a loss of our investments in the projects, and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. Refer to Footnote 18 to the accompanying financial statements for more detail of development cost.

	Year Ended December 31,			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Development Cost	$ 748	$ 360	$ 388	108%
Total for continuing operations	$ 748	$ 360	$ 388	108%
Discontinued Operations:				
Development Cost	$ -	$ 438	$ (438)	(100)%
Total for discontinued operations	$ -	$ 438	$ (438)	(100)%
Total for the period	**$ 748**	**$ 798**	**$ (50)**	**(6)%**

Development cost increased by $0.4 million for the year ended December 31, 2024 compared to the same period in 2023 due to final work performed for projects abandoned for the development of renewable energy projects in Spain and the United States.

Development cost for discontinued operations decreased by $0.4 million for the year ended December 31, 2024 compared to the same period in 2023 due to final work performed for Solis endeavors abandoned in 2023.

Depreciation, Amortization, and Accretion Expense

Depreciation, amortization, and accretion expenses for the year ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31,			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Depreciation, Amortization and Accretion expense	$ 215	$ 1,673	$ (1,458)	(87)%
Total for continuing operations	$ 215	$ 1,673	$ (1,458)	(87)%
Discontinued Operations:				
Depreciation, Amortization and Accretion expense	$ 1,691	$ 4,946	$ (3,255)	(66)%
Total for discontinued operations	$ 1,691	$ 4,946	$ (3,255)	(66)%
Total for the period	**$ 1,906**	**$ 6,619**	**$ (4,713)**	**(71)%**

Depreciation, amortization and accretion expenses for continuing operations decreased by $1.5 million for the year ended December 31, 2024 compared to the same period in 2023 as there was only one country with operating parks recognizing depreciation in 2024 (Lightwave parks) compared to the additional 11 Italian parks in 2023. Furthermore, the total depreciation expense for 2024 accounts for only 10 months as the Company deconsolidated Lightwave Renewables, LLC and sold 100% of its equity ownership to AEG (parent company) on November 5, 2024. Refer to Footnote 20 for additional deconsolidation information.

Depreciation, amortization and accretion expenses for discontinued operations decreased by $3.3 million for the year ended December 31, 2024 compared to the same period in 2023. All operating parks in Poland and the Netherlands were sold on January 19, 2024 and February 21, 2024, respectively, resulting in a $2.8 million decrease in depreciation expense. Furthermore, the total Romanian depreciation expense for 2024 accounts for only nine months as the Company sold the Romanian operating parks on October 3, 2024. Refer to Footnote 19 for additional sale information.

Gain on Disposal of Assets

	Year Ended December 31,			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Loss on disposal of assets	$ -	$ (4,854)	$ 4,854	(100)%

Costs related to disposal of asset	-	(647)	647	(100)%
Total for continuing operations	$ -	$ (5,501)	$ 5,501	(100)%
Discontinued Operations:				
Gain on disposal of asset	$ 3,374	-	3,374	100%
Costs related to disposal of asset	(1,843)	(137)	(1,706)	1,245%
Gain on sale of discontinued operations	51,844	-	51,844	100%
Total for discontinued operations	$ 53,375	$ (137)	$ 53,512	(39,060)%
Total for the period	**$ 53,375**	**$ (5,638)**	**$ 59,013**	**(1,047)%**

There were no gains or losses on disposal of assets for continuing operations for the year ended December 31, 2024. On December 27, 2023, the Company sold its operating parks in Italy with a carrying value of $22.3 million for $17.4 million resulting in a $4.9 million loss. The costs incurred to complete the transaction totaled $0.6 million and are reported together with the disposal of the assets according to ASC 360-10-35-38.

On January 19, 2024, the Company sold its operating parks in Poland with a carrying value of $55.2 million for $59.4 resulting in a $4.2 million gain. The costs incurred to complete the transaction totaled $0.8 million and are reported together with the disposal of the assets according to ASC 360-10-35-38.

On February 21, 2024, the Company sold its operating park in the Netherlands with a carrying value of $8.0 million for $7.1 million resulting in a $0.9 million loss. The costs incurred to complete the transaction totaled $0.4 million and are reported together with the disposal of the assets according to ASC 360-10-35-38.

On October 3, 2024, the Company sold its operating parks in Romania as part of the sale of Solis Bond Company DAC and its subsidiaries in Romania to the Solis Bondholders for €1 in accordance with the terms of the Solis Bonds, as amended. The net of all assets and liabilities resulted in a $51.8 million gain to be reported on the Consolidated Statement of Operations and Comprehensive Loss in accordance with ASC 205-20. The costs incurred to complete the transaction totaled $0.7 million and are reported together with the disposal of the assets according to ASC 360-10-35-38. The sale of these entities and exit of this market represented a strategic shift for the Company resulting in the gain being recorded under discontinued operations.

Interest Expense, Other Income, and Other Expense

	Year Ended December 31,			
	2024	**2023**	**Change ($)**	**Change (%)**
		(in thousands)		
Interest expense	$ (8,774)	$ (5,634)	$ (3,140)	56%
Valuation of FPA asset	-	(16,642)	16,642	(100)%
Fair value movement of FPA asset	(483)	-	(483)	100%
Fair value movement of convertible note	67	-	67	100%
Fair value movement of warrant	565	-	565	100%
Net loss on issuance of debt	(520)	-	(520)	100%
Gain on extinguishment of debt	179	-	179	100%
Other expense	(506)	(29)	(477)	1,645%
Other income	1,571	-	1,571	100%
Total for continuing operations	$ (7,901)	$ (22,305)	$ 14,404	(65)%
Discontinued Operations:				
Interest income/(expense)	$ (9,724)	$ (19,708)	$ 9,984	(51)%
Solis bond waiver fee	-	(11,232)	11,232	(100)%
Other expense	(221)	(1,824)	1,603	(88)%
Total for discontinued operations	$ (9,945)	$ (32,764)	$ 22,819	(71)%
Total for the period	**$ (17,846)**	**$ (55,069)**	**$ 37,223**	**(68)%**

Total other expenses for continuing operations decreased by $14.4 million for the year ended December 31, 2024 compared to the same period in 2023. The primary drivers causing the decrease from 2023 is the recognition of a $16.6 million valuation on the Forward Purchase Agreement in 2023 not present for 2024, a $0.5 million positive movement in fair value on the convertible debt issued during 2024, a $0.1 million positive movement in fair value on the private warrant issued during 2024, a $0.2 million gain recognized on the conversion of the Nordic ESG debt to shares in January 2024, and $1.6 million increase in other income due to the sale of Lightwave tax credits to an energy company in Texas. This decrease was partially offset by a $3.1 million increase in interest expense, a $0.5 million reduction in valuation on the Forward Purchase Agreement, a $0.5 million net loss on issuance of convertible debt and private placement warrants issued in April and October 2024, and $0.5 million increase in other expense due to the recognition of termination agreement with Meteora.

Total other expenses for discontinued operations decreased by $22.8 million for the year ended December 31, 2024 compared to the same period in 2023. The primary drivers of the decrease from 2023 is the recognition of a $11.2 million bond waiver fee for the Solis bond in 2023 that was not present for 2024, a $10.0 million decrease in interest expense, and a $1.6 million decrease in other expense due to the write off of a Romanian receivable from 2021 expected to be paid by the Romanian government. The proceeds from the sale of the Polish and Netherlands parks in early 2024 were used to reduce the principal balance of the Solis Bond, resulting in lower interest expense for the rest of the year. Additionally, the interest expense for 2024 accounts for only nine months as the Company sold Solis on October 3, 2024. Refer to Footnote 19 for additional sale information.

Income Tax

	Year Ended December 31,			
	2024	**2023**	**Change ($)**	**Change (%)**
		(in thousands)		
Corporate tax expense	$ (590)	$ (15)	$ (575)	3,833%
Total for continuing operations	$ (590)	$ (15)	$ (575)	3,833%
Discontinued Operations:				
Corporate tax expense	$ (87)	$ (161)	$ 74	(50)%
Total for discontinued operations	$ (87)	$ (161)	$ 74	(50)%

Total for the period	**$ (677)**	**$ (176)**	**$ (501)**	**2,847%**

Income tax expense for continuing operations increased by $0.6 million for the year ended December 31, 2024 compared to the same period in 2023 due to the recognition of penalties assessed for the late filing of the 2023 corporate tax return and late extension filing for the 2024 tax return.

Income tax expense for discontinued operations decreased by $0.1 million for the year ended December 31, 2024 compared to the same period in 2023. Zonnepark Rilland receives a fixed payment each month per agreed rates with the customer. In the second quarter of the following year, the customer settles any difference in the average rates for the prior year and the agreed upon rate for the prior year. This settlement of the rates exceeded the receivables the company had booked and resulted in extra income recognized in 2022. The additional income received resulted in a higher tax liability and a balance due in 2022. The balance due was paid at the time of filing in 2023.

Impairment Loss Recognized

	Year Ended December 31,			
	2024	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Impairment of Spanish assets	$ (3,263)	$ -	$ (3,263)	(100)%
Total for continuing operations	$ (3,263)	$ -	$ (3,263)	(100)%
Discontinued Operations:				
Impairment loss recognized on the remeasurement to fair value less costs to sell	$ -	$ (11,766)	$ 11,766	(100)%
Total for discontinued operations	$ -	$ (11,766)	$ 11,766	(100)%
Total for the period	**$ (3,263)**	**$ (11,766)**	**$ 8,503**	(72)%

Impairment loss recognized for continuing operations increased by $3.3 million for the year ended December 31, 2024 compared to the same period in 2023. The decrease represents the expected loss at December 31, 2024 on the disposal of the Spanish assets.

Impairment loss recognized for discontinued operations decreased by $11.8 million for the year ended December 31, 2024 compared to the same period in 2023. The decrease represents the expected loss at December 31, 2023 on the sale of the Polish assets. There was no indication of impairment for the Netherlands as of December 31, 2023.

Net Loss

Net loss for continuing operations decreased by $7.9 million for the year ended December 31, 2024 compared to the same period in 2023. This is primarily due to a decrease in cost of revenues of $0.9 million, depreciation of $1.5 million, loss on disposal of asset of $5.5 million, and other expense of $14.3 million. This was partially offset by a decrease in revenues of $3.2 million, an increase in SG&A expenses of $7.0 million, development costs of $0.4 million, interest expense of $3.1 million, and income tax of $0.6 million.

Net loss for discontinued operations decreased by $82.7 million for the year ended December 31, 2024 compared to the same period in 2023. This is primarily due to a decrease in cost of revenues of $3.2 million, SG&A expenses of $4.7 million, depreciation of $3.3 million, development costs of $0.4 million, interest expense of $10.0 million, other expense of $25.0 million, tax expense of $0.2 million, and a gain of $53.0 million for the net sale of the Poland, Netherlands, and Romanian operating parks in January, February, and October 2024, respectively. This was offset by a decrease in revenues of $17.2 million.

Liquidity and Capital Resources

Capital Resources

A key element to the Company's financing strategy is to raise much of its debt in the form of project specific non-recourse borrowings at its subsidiaries with investment grade metrics. Going forward, the Company intends to primarily finance acquisitions or growth capital expenditures using long-term non-recourse debt that fully amortizes within the asset's contracted life, as well as retained cash flows from operations and issuance of equity securities through public markets.

The following table summarizes certain financial measures that are not calculated and presented in accordance with US GAAP, along with the most directly comparable US GAAP measure, for each period presented below. In addition to its results determined in accordance with US GAAP, the Company believes the following non-US GAAP financial measures are useful in evaluating its operating performance. The Company uses the following non-US GAAP financial information, collectively, to evaluate its ongoing operations and for internal planning and forecasting purposes.

The following non-US GAAP table summarizes the total capitalization and debt as of December 31, 2024 and December 31, 2023:

	Year Ended December 31,	
	2024	**2023**
	(in thousands)	
Convertible debt, secured	$ 2,626	$ -
Senior Secured debt and promissory notes	27,718	32,312
Total debt	30,344	32,312
Less current maturities	(28,715)	(32,312)
Long term debt, net of current maturities	$ 1,629	$ -
Current Maturities	$ 28,715	$ 32,312
Less current debt discount	(1,239)	(725)
Less net loss on issuance of convertible note & warrant	520	-
Less movement in fair value	(632)	-
Current Maturities net of debt discount	$ 27,364	$ 31,587

Long-term maturities	$ 1,629	$ -
Less long-term debt discount	-	-
Long-term maturities net of debt discount	$ 1,629	$ -

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Cash and cash equivalents on the Consolidated Balance Sheets	$ 161	$ 4,042
Cash and cash equivalents of discontinued operations included in current assets of discontinued operations on the Consolidated Balance Sheets	-	1,361
Restricted cash of discontinued operations included in current assets of discontinued operations on the Consolidated Balance Sheets	-	19,161
Total cash, cash equivalents, and restricted cash on the Consolidated Statements of Cash Flow	**$ 161**	**$ 24,564**

Restricted Cash relates to balances that are in the bank accounts for specific defined purposes and cannot be used for any other undefined purposes. The decrease in available capital from discontinued operations was related to payments paying down the principal of the Green Bonds followed by the sale of operating parks in Poland, the Netherlands, and Romania. Refer to Footnote 3 for further discussion of restricted cash.

Liquidity Position

Our consolidated financial statements for the year ended December 31, 2024 and 2023 identifies the existence of certain conditions that raise substantial doubt about our ability to continue as a going concern for twelve months from the issuance of this report. Refer to Footnote 2 of the accompanying financial statements for more information.

On October 3, 2024, because Solis was unable to fully repay the Solis Bonds, the Company sold Solis and its subsidiaries in Romania to Solis Trustee Special Vehicle Limited, the Solis Bondholders' ownership vehicle, for €1 in accordance with the terms of the Solis Bonds, as amended. As a result of the sale, the Company eliminated approximately $115 million in debt and payables related to Solis activities and improved shareholders equity by approximately $59 million. Solis accounted for 98% of group revenues for the nine months ended September 30, 2024. Solis bondholders continue to hold a preference share in an Alternus holding company which holds certain development projects in Spain and Italy. The preference share gives the bondholders the right on any distributions up to €10 million, and such assets will be divested to ensure repayment of up to €10 million should it not be fully repaid by the Maturity Date.

On November 8, 2024, the Company was notified by the staff of The Nasdaq Stock Market ("Nasdaq") that the Company did not meet the market value of listed securities requirement in Listing Rule 5550(b)(2) (the "MVLS Rule") for continued listing on The Nasdaq Capital Market (the "Staff Determination"). The Company requested a hearing before the Nasdaq Hearings Panel (the "Panel") to appeal the Staff Determination.

On February 10, 2025, the Company received a determination letter (the "Delisting Notification") from the Nasdaq Hearings Advisor stating that the Panel has determined to delist the Company's common stock, par value $0.0001 per share (the "Common Stock") from the Nasdaq Capital Market, and Nasdaq suspended trading in the Company's Common Stock on February 12, 2025 because the Company has not demonstrated compliance with the MVLS Rule, nor does it meet any of the alternative requirements under Nasdaq Listing Rule 5550(b) and has failed to demonstrate that additional time to regain compliance is appropriate. The Company was additionally in violation of the bid price requirement of Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), as disclosed recently on January 31, 2025, which was taken into consideration by the Panel in its Delisting Notification.

The Company's Common Stock is currently quoted on an over-the-counter trading market.

The Company is currently working on several processes to address the going concern issue. We are working with multiple global banks and funds to secure the necessary project financing to execute our transatlantic business plan.

Financing Activities

In May 2022, AEG MH02 entered into a loan agreement with a group of private lenders of approximately $10.8 million with an initial stated interest rate of 8% and a maturity date of May 31, 2023. In February 2023, the loan agreement was amended stating a new interest rate of 16% retroactive to the date of the first draw in June 2022. In May 2023, the loan was extended, and the interest rate was revised to 18% from June 1, 2023. In July 2023, the loan agreement was further extended to October 31, 2023. In November 2023, the loan agreement further extended to May 31, 2024. On December 31, 2024, the loan agreement was further extended to September 30, 2025 while also stating any accrued interest up to the date of the amendment was to be added to the principal loan balance. As a result of these amendments, $3.2 million of interest was recognized during the period ended December 31, 2024, and $5.9 million of accrued interest was added to the existing loan balance. The Company had principal outstanding of $16.0 million and $11.0 million as of December 31, 2024 and 2023, respectively.

In July 2023, Alt Spain Holdco, one of the Company's Spanish subsidiaries acquired the project rights for a 32 MWp portfolio of Solar PV projects in Valencia, Spain, with an initial payment of $1.9 million, financed through a €3.0 million ($3.3 million) bank facility having a six-month term and accruing 'Six Month Euribor' plus 2% margin. On January 24, 2024, the maturity date was extended to July 28, 2024. On July 28, 2024, the loan was further extended to January 28, 2025 and the principal amount was reduced to €2.6 million ($2.8 million) from cash on hand. This note had a principal outstanding balance of $2.7 million and $3.3 million as of December 31, 2024 and 2023, respectively.

For the year ended December 31, 2023, 9,000 shares of Common Stock were issued at Closing to the Sponsor of Clean Earth to settle CLIN promissory notes of $1.6 million. The note has a 0% interest rate until perpetuity. The shares were issued at the closing price of $125 per share for $1.1 million. The difference of $0.5 million was recognized as an addition to Additional Paid in Capital. Management determined the extinguishment of this note is the result of a Troubled Debt Restructuring.

In January 2024, the Company assumed a $938 thousand (€850 thousand) convertible promissory note with a 10% interest maturing in March 2025 as part of the Business Combination that was completed in December 2023. On January 3, 2024, the noteholder converted all of the principal and accrued interest owed under the note, equal to $1.0 million, into 52,800 shares of restricted common stock.

On March 21, 2024, ALCE, SPAC Sponsor Capital Access ("SCAF"), and the Sponsor of Clean Earth ("CLIN") agreed to a settlement of a $1.4 million note assumed by ALCE as part of the Business Combination that was completed in December 2023. The note had a maturity date of whenever CLIN closes its Business Combination Agreement and accrued interest of 25%. ALCE issued 9,000 shares to SCAF in March 21, 2024 and a payment plan of the rest of the outstanding balance was agreed to with payments to commence on July 15, 2024. The closing stock price of the Company was $11.75 on the date of issuance.

On April 19, 2024, the Company entered into a Securities Purchase Agreement with an institutional investor pursuant to which the Company agreed to issue to the Investor a senior convertible note in the principal amount of $2,160,000, issued with an eight percent (8.0%) original issue discount and a warrant to purchase up to 96,444 shares of the Company's common stock, at an exercise price of $5.76 per share. The Company received gross proceeds of $2,000,000, before fees and other expenses associated with the transaction. The Convertible Note matures on April 20, 2025, bears interest at 7% per annum, and ranks senior to the Company's existing and future unsecured indebtedness. Refer to Footnote 5 for details on the conversions completed during the year ended December 31, 2024.

On October 1, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), by and between the Company and an institutional investor (the "Investor"), pursuant to which the Company agreed to issue to the Investor a series of senior convertible notes up to an aggregate principal amount of $2,500,000, issued with a twelve percent (12.0%) original issue discount (each a "Convertible Note" and together, the "Convertible Notes"), and warrants (each a "Warrant" and together the "Warrants") to purchase shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), equal to 50% of the face value of the Convertible Note divided by the volume weighted average price, at an exercise price of $2.00 per share (the "Exercise Price"). Pursuant to the Purchase Agreement, with the closing of the initial tranche of the Convertible Note and Warrant, the Company issued a Warrant to purchase up to 212,784 shares of Common Stock and the Company received gross proceeds of $700,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted so that as of November 12, 2024 it is adjusted to purchase up to 283,714 shares exercisable at $1.50 per share. This warrant was again adjusted on December 5, 2024 to purchase up to 425,571 shares exercisable at $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 21,278 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after April 1, 2025 and will expire on December 19, 2027.

The Convertible Note matures on October 1, 2025 (unless accelerated due to an event of default, or accelerated up to six installments by the Investor), bears interest at a rate of seven percent (7%) per annum, which shall automatically be increased to eighteen percent (18.0%) per annum in the event of default and, other than the First Convertible Note, ranks senior to the Company's existing and future unsecured indebtedness. The Convertible Note is convertible in whole or in part at the option of the Investor into shares of Common Stock (the "Conversion Shares") at the Conversion Price (as defined below) at any time following the date of issuance of the Convertible Note. The Convertible Note is payable monthly on each Installment Date (as defined in the Convertible Note) commencing on the earlier of December 1, 2024 and the effective date of the initial registration statement required to be filed pursuant to the Registration Rights Agreement (as defined below) in an amount equal the sum of (A) the lesser of (x) $79,545 and (y) the outstanding principal amount of the Convertible Note, (B) interest due and payable under the Convertible Note and (C) other amounts specified in the Convertible Note (such sum being the "Installment Amount"); provided, however, if on any Installment Date, no failure to meet the Equity Conditions (as defined in the Convertible Note) exits pursuant to the Convertible Note, the Company may pay all or a portion of the Installment Amount with shares of its common stock. The portion of the Installment Amount paid with common stock shall be based on the Installment Conversion Price. "Installment Conversion Price" means the lower of (i) the Conversion Price (defined below) and (ii) the greater of (x) 92% of the average of the two (2) lowest daily volume-weighted average price ("VWAP") (as defined in the Convertible Note) in the ten (10) trading days immediately prior to each conversion date and (y) $0.75. "Equity Conditions Failure" means that on any day during the period commencing twenty (20) trading days prior to the applicable Installment Notice Date or Interest Date (each as defined in the Convertible Note) through the later of the applicable Installment Date or Interest Date and the date on which the applicable shares of Common Stock are actually delivered to the Holder, the Equity Conditions have not been satisfied (or waived in writing by the Holder).

On October 21, 2024, pursuant to the Purchase Agreement, the closing of the second tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 162,628 shares of Common Stock exercisable at $2.00 per share and the Company received gross proceeds of $535,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. In conjunction with the transaction, the Company issued warrants for the purchase of 16,263 shares of common stock with an exercise price of $2.20 per share for their role as placement agent, which is exercisable at any time on or after April 21, 2024 and will expire on the third anniversary of the effective date of the registration statement registering the underlying warrant shares. This warrant was adjusted on November 12, 2024 to purchase up to 216,838 shares at an exercise price of $1.50 per share.

On November 12, 2024, pursuant to the Purchase Agreement, the closing of the third tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 303,978 shares of Common Stock exercisable at $1.50 per share and the Company received gross proceeds of $750,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount.

On December 4, 2024, the Company entered into a Note Purchase Agreement (the "Purchase Agreement") with Secure Net Capital LLC ("Secure Net"), pursuant to which the Company issued a 20% Original Issue Discount promissory convertible note (the "2024 Note") with a maturity date in April 2025, in the principal sum of $1,250,000. Pursuant to the terms of the 2024 Note, the Company agreed to pay to Secure Net the entire principal amount on the Maturity Date, failing which and certain events of default (as described in the 2024 Note), the 20% Original Issue Discount shall increase to 30% Original Issue Discount. The Purchase Agreement resulted in net proceeds of $1,000,000 to the Company. The 2024 Note, issued pursuant to the Purchase Agreement, is convertible at the option of the Holder at any time after the Maturity Date, including with registration rights, at a conversion price per share equal to ninety percent (90%) of the Company's common stock's VWAP (which is the the three (3) Trading Days immediately prior to such Conversion Date (or the nearest preceding date)) as of the date of such conversion (the "Conversion Date"). On December 5, 2024, pursuant to the Purchas Agreement, the closing of the fourth and final tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 130,710 shares of Common Stock exercisable at $1.00 per shares and the Company received gross proceeds of $244,317 before fees and other expenses associated with the transaction, accounting for the 12% original issue discount.

On December 11, 2024, the Company entered into an agreement with LiiON LLC as part of the business acquisition for a $2,000,000 note with a maturity date of December 31, 2027. Subsequent to December 31, 2024, the Company and LiiON LLC mutually agreed to rescind the Asset Purchase Agreement. See Footnote 5 for further information.

On December 30, 2024, one of the Company's subsidiaries, Alternus Europe Ltd, assumed a €1,000,000 ($1,041,720) promissory note from a subsidiary of AEG, Alternus FundCo Ltd, with a 120% repayment premium plus 10% accrued interest maturing July 31, 2025. Additionally, the Company assumed multiple promissory notes totaling $1,052,500 from AEG maturing June 30, 2025.

On December 31, 2024, the Company terminated their agreement with Meteora Capital LLC by issuing a $500,000 promissory note with a 10% annual interest rate maturing January 31, 2026.

Material Cash Requirements from Known Contractual Obligations

The Company's contractual obligations consist of operating leases generally related to the rent of office building space, as well as land upon which the Company's solar parks are built. These leases include those that have been assumed in connection with the Company's asset acquisitions. The Company's leases are for varying terms and expire between 2027 and 2055.

For the year ending December 31, 2023, the Company incurred operating lease expenses from continuing operations of $160 thousand.

For the year ending December 31, 2024, the Company incurred operating lease expenses from continuing operations of $126 thousand for the United States office lease before Alternus Energy Americas Inc. was sold back to AEG on November 5, 2024 and $48 thousand for the land lease in Madrid, Spain.

The Company had no finance leases as of December 31, 2024.

In October 2023, the Company entered a new lease for land in Madrid, Spain where solar parks are planned to be built. The lease term is 35 years with an estimated annual cost of $32 thousand.

Cash Flow Discussion

The Company uses traditional measures of cash flows, including net cash flows from operating activities, investing activities, and financing activities to evaluate its periodic cash flow results.

For the Year Ended December 31, 2024 compared to December 31, 2023

The following table reflects the changes in cash flows for the comparative periods:

	Year Ended December 31,		
	2024	2023	Change ($)
	(in thousands)		
Net cash provided by/(used in) operating activities	(3,222)	3,039	(6,261)
Net cash provided by/(used in) operating activities – Discontinued Operations	95,592	10,173	85,419
Net cash provided by/(used in) investing activities	(1,679)	(634)	(1,045)
Net cash provided by/(used in) investing activities – Discontinued Operations	23,088	(124)	23,212
Net cash provided by/(used in) financing activities	1,183	21,094	(19,911)
Net cash provided by/(used in) financing activities – Discontinued Operations	(137,729)	(17,164)	(120,565)
Effect of exchange rate on cash	(1,637)	433	(2,070)

Net Cash Used in Operating Activities

Net cash used in continuing operating activities for the year ended December 31, 2024 compared to 2023 increased by $6.3 million. The net loss decreased by $7.9 million in 2024, which was mainly due to a decrease in revenues, costs of revenues, depreciation, other expenses as described above and an increase in selling, general, and administrative expenses, development costs, and interest expense. The offsetting increase was a result of the normal fluctuations of receivables and payables over the normal course of business operations. All expenses contributing to the decrease in the net loss are non-cash items recognized on the Consolidated Statement of Operation and Comprehensive Loss.

Net cash provided by discontinued operating activities for the year ended December 31, 2024 compared to 2023 increased by $85.4 million. The net loss decreased by $84.7 million in 2024, which was mainly due to a decrease in revenues, cost of revenues, selling, general, and administrative expenses, depreciation, development costs, interest expense, other expenses as described above, and a gain of $55.0 million for the net sale of the Poland, Netherlands, and Romanian operating parks. The remaining increase was a result of the normal fluctuations of receivables and payables over the normal course of business operations.

Net Cash Used in Investing Activities

Net cash used in continuing investing activities for the year ended December 31, 2024 compared to 2023 increased by $1.0 million. This was a result of the increase in costs for construction parks in the US, the development and pursuit of potential projects in Italy, Spain, and the US, and the final payment made to complete the last park for Lightwave in January 2024.

Net cash provided discontinued investing activities for the year ended December 31, 2024 compared to 2024 increased by $23.2 million. This was a result of the disposal of the Romanian, Polish, and Netherlands parks during the year.

Net Cash Provided by Financing Activities

Net cash provided by continuing financing activities for the year ended December 31, 2024 compared to 2023 decreased by $19.9 million mainly driven by the net decrease of $13.8 million of new debt and a $6.1 million net increase driven by intercompany transaction activity.

Net cash used in discontinued financing activities for the year ended December 31, 2024 compared to 2023 increased by $120.6 million mainly driven by the $75.2 million payment made towards the Solis Bond principal balance and $45.4 million of intercompany activity as part of the sale of Solis and its Romanian subsidiaries.

Critical Accounting Estimates

The preparation of financial statements in conformity with US GAAP requires the Company to make estimates and assumptions in certain circumstances that affect amounts reported in its consolidated financial statements and related footnotes. In preparing these consolidated financial statements, the Company has made its best estimates of certain amounts included in the consolidated financial statements. Application of accounting policies and estimates, however, involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In arriving at the Company's critical accounting estimates, factors the Company considers include how accurate the estimate or assumptions have been in the past, how much the estimate or assumptions have changed, and how reasonably likely such change may have a material impact. The Company's critical accounting policies are discussed below.

Business Combinations

The Company acquires assets which operate in nature with existing revenue streams and assets which are constructed for the purpose of being sold. The Company applies the screen test per ASC 805 to determine an asset acquisition versus business combination and accounts for business combinations by recognizing in the financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in the acquiree at fair value at the acquisition date. The Company also recognizes and measures the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, acquisition costs related to business combinations are expensed as incurred. Cost directly attributed to an asset acquisition are capitalized to the asset per ASC 805 Business combinations is a critical accounting policy as there are significant judgments involved in the allocation of acquisition costs and determining the fair value of the net assets acquired. Refer to Footnote 5 to the accompanying financial statements for more information.

When the Company acquires renewable energy facilities, the Company allocates the purchase price to; (i) the acquired tangible assets and liabilities assumed, primarily consisting of plant equipment and long-term debt, (ii) the identified intangible assets and liabilities, primarily consisting of the value of favorable and unfavorable rate PPAs and REC agreements and the in-place value of market rate PPAs, (iii) non-controlling interests, and (iv) other working capital items based in each case on their fair values in accordance with ASC 805.

The Company performs the analysis of the acquisition using income approach valuation methodology. Factors considered by management in its analysis include considering current market conditions and costs to construct similar facilities. The Company also considers information obtained about each facility as a result of the Company's pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets and liabilities acquired or assumed. In estimating the fair value, the Company also establishes estimates of energy production, current in-place and market power purchase rates, tax credit arrangements, and operating and maintenance costs. A change in any of the assumptions above, which are subjective, could have a significant impact on the results of operations.

When an acquired group of assets does not constitute a business, the transaction is accounted for as an asset acquisition. The cost of assets acquired and liabilities assumed in asset acquisitions is allocated based upon relative fair value. The fair value measurements of the solar facilities acquired and asset retirement obligations assumed were derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. Transaction costs incurred, including legal and financing fees directly related to the acquisition, are capitalized as a component of the assets acquired.

The allocation of the purchase price directly affects the following items in the Company consolidated financial statements:

- The amount of purchase price allocated to the various tangible and intangible assets, liabilities, and non-controlling interests on the Company balance sheet;

- The amounts allocated to current assets or current liabilities are allocated at the acquisition value. The amounts allocated to long term tangible and intangible assets are amortized to depreciation or amortization expense, and

- The period over which tangible and intangible assets and liabilities are depreciated or amortized varies. Changes in the amounts allocated to these assets and liabilities will have a direct impact on Company results of operations.

Measurement of Level 3 Liabilities

Financial liabilities where values are based on valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 under the fair value hierarchy established in applicable accounting standards. The fair value of these Level 3 financial liabilities is determined by using a third-party pricing service using Monte Carlo simulations or similar techniques for which the determination of fair value requires significant management judgment or estimation. The Level 3 gains and losses are valued quarterly and recorded in earnings.

Impairment of Renewable Energy Facilities

Renewable energy facilities that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured as the difference between an asset's carrying amount and its fair value. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets, and present value techniques.

Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The Company has no derivative financial instruments or derivative commodity instruments.

Foreign Currency Risk

The Company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies.

In addition, the Company is exposed to currency risk associated with translating its functional currency financial statements into its reporting currency, which is the U.S. dollar. As a result, the Company is exposed to movements in the exchange rates of various currencies against the U.S. dollar.

The Company manages its exposure to currency risk by commercially transacting in the currencies in which the Company materially incurs operating expenses. The Company limits the extent to which it incurs operating expenses in other currencies, wherever possible, thereby minimizing the realized and unrealized foreign exchange gain/(loss). The currency of the Company's borrowing is, in part, matched to the currencies expected to be generated from the Company's operations. Intercompany funding is typically undertaken in the functional currency of the operating entities or undertaken to ensure offsetting currency exposures.

Interest Rate Risk

Fluctuations in interest rates can impact the value of investments and financing activities, giving rise to interest rate risk. The debt of the Company is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed. Refer to Footnote 14 – Convertible and Non-convertible Promissory Notes for more information.

The Company believes that the interest rates on all borrowings compare favorably with those rates available in the market.

Emerging Growth Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company," or an EGC, can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The

Company has elected to use the extended transition period for new or revised accounting standards during the period in which we remain an EGC.

We expect to remain an EGC until the earliest to occur of: (1) the last day of the fiscal year in which we, as applicable, have more than $1.235 billion in annual revenue; (2) the date we qualify as a "large accelerated filer," with at least $700 million in market value of equity securities held by non-affiliates; (3) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period; and (4) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our stock held by non-affiliates is greater than or equal to $250 million as of the end of that fiscal year's second fiscal quarter, or (ii) our annual revenues are greater than or equal to $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is greater than or equal to $700 million as of the end of that fiscal year's second fiscal quarter. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Recent Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Footnote 2, "Significant Accounting Policies," to our audited consolidated financial statements included elsewhere in this Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

Item 8. Financial Statements and Supplementary Data.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024 and 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Alternus Clean Energy, Inc.

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the effects of the 1-for-25 reverse stock split discussed in Note 22, the effects of the adjustments to retrospectively apply the effects of discontinued operations of Solis and Romanian subsidiaries discussed in Note 19, to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures described in Note 23, and the effects of the reclassifications described in Note 3, the accompanying consolidated balance sheet of Alternus Clean Energy, Inc. (the "Company") as of December 31, 2023, and the related consolidated statements of operations and comprehensive income (loss), shareholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the consolidated financial statements). The 2023 financial statements before the effects of the adjustments noted above are not presented herein. In our opinion, the consolidated financial statements, before the effects of the adjustments to retrospectively apply the 1-for-25 reverse stock split discussed in Note 22, the effects of the adjustments to retrospectively apply the effects of discontinued operations of Solis and Romanian subsidiaries discussed in Note 19, to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures described in Note 23, and the effects of the reclassifications described in Note 3 present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the effects of the adjustments to retrospectively apply the 1-for-25 reverse stock split discussed in Note 22, the effects of the adjustments to retrospectively apply the effects of discontinued operations of Solis and Romanian subsidiaries discussed in Note 19, to retrospectively apply the change in accounting for ASU 2023-07 Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures described in Note 23 and the effects of the reclassifications described in Note 3 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by Kreit & Chiu, LLP.

Explanatory Paragraph Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred operating losses since inception, has insufficient cash flows from its operating activities, has an accumulated deficit and its assets are already pledged to secure its indebtedness to various third party secured creditors. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Mazars USA LLP

We served as the Company's auditor in January 2024 to June 2024.

New York, NY
April 15, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Alternus Clean Energy, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Alternus Clean Energy, Inc. and its subsidiaries (collectively, the "Company") as of December 31, 2024, and the related statements of operations and comprehensive income/(loss), changes in shareholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also have audited the adjustments to the 2023 consolidated financial statements to retrospectively apply discontinued operations, reverse stock split and segment reporting, as discussed in Notes 19, 22 and 23, respectively, and the effects of the reclassification described in Note 3. Such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 consolidated financial statements taken as a whole.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered continued negative cash flows and losses from continued operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on the entity's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Kreit & Chiu CPA LLP

We have served as the Company's auditor since 2024.

Los Angeles, California
June 6, 2025

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	As of December 31, 2024	As of December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 161	$ 4,042
Accounts receivable, net	-	3
Prepaid expenses and other current assets	131	2,634
Taxes recoverable	347	444
Current discontinued assets held for sale	-	151,791
Total Current Assets	**639**	**158,914**
Property and equipment, net	-	17,539
Right of use asset	-	1,134
Other receivable	-	1,483
Capitalized development costs	4,775	6,216
Intangible assets	1,554	-
Goodwill	241	-
Long-term prepaid expenses	518	-
Total Assets	**$ 7,727**	**$ 185,286**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 9,799	$ 3,590
Accrued liabilities	2,371	15,042
Taxes payable	14	13
Operating lease liability	28	128
Short term convertible and non-convertible promissory notes, net of debt issuance costs	24,851	31,587
Convertible note measured at fair value	1,702	-
Warrant liability	811	-
Current discontinued liabilities held for sale	-	197,078
Total Current Liabilities	**39,576**	**247,438**
Long term convertible and non-convertible promissory notes, net of debt issuance costs	1,629	-
Operating lease liability, net of current portion	407	1,102
Total Liabilities	**41,612**	**248,540**
Shareholders' Deficit		
Preferred stock, $0.0001 par value, 1,000,000 authorized as of December 31, 2024 and December 31, 2023. 0 issued and outstanding as of December 31, 2024 and December 31, 2023.	-	-
Common stock, $0.0001 par value, 300,000,000 authorized as of December 31, 2024 and 150,000,000 authorized as of December 31, 2023; 5,037,826 issued and outstanding as of December 31, 2024 and 2,876,215 issued and outstanding as of December 31, 2023.	10	7
Additional paid in capital	35,917	27,874
Foreign currency translation reserve	(2,679)	(2,924)
Accumulated deficit	(67,133)	(88,211)
Total Shareholders' Deficit	**(33,885)**	**(63,254)**
Total Liabilities and Shareholder' Deficit	**$ 7,727**	**$ 185,286**

The accompanying notes are an integral part of these consolidated financial statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)
(in thousands, except share and per share data)

	Year Ended December 31	
	2024	**2023**
Revenues	$ 311	$ 3,476
Operating Expenses		
Cost of revenues	(364)	(1,301)
Selling, general, and administrative	(11,984)	(4,934)
Depreciation, amortization, and accretion	(215)	(1,673)
Development costs	(748)	(360)
Impairment of Spanish assets	(3,263)	-
Loss on disposal of assets	-	(5,501)
Total operating expenses	(16,574)	(13,769)
Loss from operations	(16,263)	(10,293)
Other income/(expense):		
Interest expense	(8,774)	(5,634)
Fair value movement of FPA asset	(483)	(16,642)
Fair value movement of convertible debts	67	-
Fair value movement of warrants	565	-
Loss on issuance of debt	(520)	-

Gain on extinguishment of debt	179	-
Other expense	(506)	(29)
Other income	1,571	-
Total other expenses	(7,901)	(22,305)
Loss before provision for income taxes	(24,164)	(32,598)
Income taxes	(590)	(15)
Loss from continuing operations	**(24,754)**	**(32,613)**
Discontinued operations:		
Loss from operations of discontinued business components	(7,543)	(13,692)
Gain on sale of discontinued operations, net assets	53,462	-
Solis bond waiver fee	-	(11,232)
Impairment loss recognized on the remeasurement to fair value less costs to sell	-	(11,766)
Income tax	(87)	(161)
Income/(loss) from discontinued operations	45,832	(36,851)
Net income/(loss)	**$ 21,078**	**$ (69,464)**
Basic & diluted earnings/(loss) per share of common stock:		
Continuing operations	$ (7.01)	$ (11.28)
Discontinued operations	12.98	(12.74)
Total earnings/(loss) per share of common stock, basic & diluted	**$ 5.97**	**$ (24.02)**
Weighted-average common stock outstanding, basic & diluted	3,530,500	2,892,215
Comprehensive income/(loss)		
Net income/(loss)	$ 21,078	$ (69,464)
Foreign currency translation adjustment	245	714
Comprehensive income/(loss)	**$ 21,323**	**$ (68,750)**

The accompanying notes are an integral part of these consolidated financial statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(in thousands, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-In	Foreign Currency Translation	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	Reserve	Deficit	Equity
Balance at January 31, 2023	**-**	**$ -**	**2,300,000**	**$ 6**	**$ 19,797**	**$ (3,638)**	**$ (18,747)**	**$ (2,582)**
Distribution to stockholder	-	-	-	-	(25,195)	-	-	(25,195)
Contribution from stockholder	-	-	-	-	15,295			15,295
Merger, net of transaction costs	-	-	455,352	1	(2,341)	-	-	(2,340)
Fair Value of penny warrants	-	-	-	-	1,820	-	-	1,820
Issuance of Alternus Clean Energy Inc. common stock to Meteora parties subject to FPA	-	-	111,863	-	16,493	-	-	16,493
Conversion of promissory note payable to related party for common stock in connection with the Merger	-	-	9,000	-	2,005	-	-	2,005
Foreign currency translation adjustment	-	-	-	-	-	714	-	714
Net income - discontinued operations	-	-	-	-	-	-	(36,851)	(36,851)
Net loss - continuing operations	-	-	-	-	-	-	(32,613)	(32,613)
Balance at December 31, 2023	**-**	**$ -**	**2,876,215**	**$ 7**	**$ 27,874**	**$ (2,924)**	**$ (88,211)**	**$ (63,254)**
Settlement of Related Party Debt for Shares	-	-	542,617	1	9,840	-	-	9,841
Conversion of Debt	-	-	1,124,585	1	2,940	-	-	2,941
Merger Costs – Settlement of Related Party Debt and Conversion of Debt	-	-	-	-	(10,633)	-	-	(10,633)
Stock Compensation for Third Party Services	-	-	44,452	-	321	-	-	321
Shares Issued for Joint Venture Agreement	-	-	200,000	1	1,190	-	-	1,191
Effects of Reverse Stock Split	-	-	(43)	-	-	-	-	-
Shares Issuable from LiiON Acquisition	-	-	250,000	-	288	-	-	288
Deconsolidation of Entities to Parent Company	-	-	-	-	13,862	-	-	13,862
Transfer of Debt from Parent Company	-	-	-	-	(9,765)	-	-	(9,765)
Foreign currency translation adjustment – continuing operations	-	-	-	-	-	245	-	245
Net income - discontinued operations	-	-	-	-	-	-	45,832	45,832
Net loss - continuing operations	-	-	-	-	-	-	(24,754)	(24,754)
Balance at December 31, 2024	**-**	**$ -**	**5,037,826**	**$ 10**	**$ 35,917**	**$ (2,679)**	**$ (67,133)**	**$ (33,885)**

The accompanying notes are an integral part of these consolidated financial statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except share and per share data)

	Year Ended December 31, 2024	2023
Cash Flows from Operating Activities		
Net income/(loss)	$ 21,078	$ (69,464)
Income/(loss) from discontinued operations, net of tax	45,832	(36,851)
Loss from continuing operations	$ (24,754)	$ (32,613)
Adjustments to reconcile loss from continuing operations to net cash provided by/(used in) operations:		
Depreciation, amortization and accretion	215	1,673
Amortization of debt discount	891	2,394
Development costs	748	-
Debt issuance cost of convertible debt	1,641	-
Credit loss expense	-	8
Share-based compensation to third parties	321	-
Gain (loss) on foreign currency exchange rates	(700)	(394)
Fair value movement of FPA asset	483	16,642
Fair value movement of convertible debt	(67)	-
Fair value movement in warrant liability	(565)	-
Loss on issuance of debt	520	-
Gain on extinguishment of debt	(179)	-
Impairment of asset	3,263	-
Loss on disposal of asset	1,301	3,889
Non-cash operating lease assets	35	(332)
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable and other short-term receivables	(28)	2,404
Prepaid expenses and other assets	1,029	(3,781)
Accounts payable	12,794	1,219
Accrued liabilities	(109)	11,538
Operating lease liabilities	(61)	392
Net Cash provided by/(used in) Operating Activities	**$ (3,222)**	**$ 3,039**
Net Cash provided by/(used in) Operating Activities - Discontinued Operations	**95,592**	**10,173**
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,485)	(4,576)
Sales of property and equipment	-	17,255
Capitalized Cost	-	(5,868)
Construction in Process	(194)	(7,445)
Net Cash provided by/(used in) Investing Activities	**$ (1,679)**	**$ (634)**
Net Cash provided by/(used in) Investing Activities - Discontinued Operations	**23,088**	**(124)**
Cash Flows from Financing Activities:		
Proceeds from debt	6,782	15,468
Payments of debt principal	(5,599)	(210)
Debt Issuance Cost	-	210
Merger proceeds net of transaction costs	-	(500)
Distributions to parent	-	(4,579)
Contributions from parent	-	10,705
Net Cash provided by/(used in) Financing Activities	**$ 1,183**	**$ 21,094**
Net Cash provided by/(used in) Financing Activities - Discontinued Operations	**(137,729)**	**(17,164)**
Effect of exchange rate on cash	(1,636)	433
Net increase/(decrease) in cash, cash equivalents and restricted cash	**$ (24,403)**	**$ 16,817**
Cash, cash equivalents, and restricted cash beginning of the year	24,564	7,747
Cash, cash equivalents, and restricted cash end of the year	**$ 161**	**$ 24,564**

The accompanying notes are an integral part of these consolidated financial statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED SUPPLEMENTAL STATEMENTS OF CASH FLOW

	Year Ended December 31, 2024	2023
	(in thousands)	
Supplemental Cash Flow Disclosure		
Cash paid during the period for:		
Interest (net of capitalized interest of $2,792 and $397 respectively)	$ 6,099	$ 7,321
Taxes	-	2,488
Non-cash investing and financing activities:		
Shares issued for settlement of debt	9,840	-
Shares issued for conversion of debt	2,940	-
Shares issued for stock compensation to third parties	321	-
Shares issued for joint venture	1,190	-
Shares issuable for LiiON acquisition	288	-
Promissory Note issued for LiiON acquisition	1,537	-

The accompanying notes are an integral part of these consolidated financial statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Formation

Alternus Clean Energy, Inc. (the "Company") was incorporated in Delaware on May 14, 2021 and was originally known as Clean Earth Acquisitions Corp. ("Clean Earth").

On October 12, 2022, Clean Earth entered into a Business Combination Agreement, as amended by that certain First Amendment to the Business Combination Agreement, dated as of April 12, 2023 (the "First BCA Amendment") (as amended by the First BCA Amendment, the "Initial Business Combination Agreement"), and as amended and restated by that certain Amended and Restated Business Combination Agreement, dated as of December 22, 2023 (the "A&R BCA") (the Initial Business Combination Agreement, as amended and restated by the A&R BCA, the "Business Combination Agreement"), by and among Clean Earth, Alternus Energy Group Plc ("AEG") and the Sponsor. Following the approval of the Initial Business Combination Agreement and the transactions contemplated thereby at the special meeting of the stockholders of Clean Earth held on December 4, 2023, the Company consummated the Business Combination on December 22, 2023. In accordance with the Business Combination Agreement, Clean Earth issued and transferred 2,300,000 shares of common stock of Clean Earth, par value $0.0001 per share, to AEG, and AEG transferred to Clean Earth, and Clean Earth received from AEG, all of the issued and outstanding equity interests in the Acquired Subsidiaries (as defined in the Business Combination Agreement) (the "Equity Exchange," and together with the other transactions contemplated by the Business Combination Agreement, the "Business Combination"). In connection with the Closing, the Company changed its name from Clean Earth Acquisition Corp. to Alternus Clean Energy, Inc.

Clean Earth's (SPAC) only precombination assets were cash and investments and the SPAC did not meet the definition of a business in accordance with US GAAP. Therefore, the substance of the transaction was a recapitalization of the target (AEG) rather than a business combination or an asset acquisition. In such a situation, the transaction is accounted for as though the target issued its equity for the net assets of the SPAC and, since a business combination has not occurred, no goodwill or intangible assets would be recorded. As such, AEG is considered the accounting acquirer and these consolidated financial statements represent a continuation of AEG's financial statements. Assets and liabilities of AEG are presented at their historical carrying values.

Alternus Clean Energy Inc. is a holding company that operates through the following twenty-six operating subsidiaries as of December 31, 2024:

Subsidiary	Principal Activity	Date Acquired / Established	ALCE Ownership	Country of Operations
PC-Italia-01 S.r.l.	Sub-Holding SPV	15 May 2015	AEG MH 02 Limited	Italy
PC-Italia-03 S.r.l.	SPV	1 July 2020	AEG MH 02 Limited	Italy
PC-Italia-04 S.r.l.	SPV	15 July 2020	AEG MH 02 Limited	Italy
Risorse Solari I S.r.l.	SPV	28 September 2019	AEG MH 02 Limited	Italy
Risorse Solari III S.r.l.	SPV	3 August 2021	AEG MH 02 Limited	Italy
Alternus Iberia S.L.	SPV	4 August 2021	AEG MH 02 Limited	Spain
AED Italia-01 S.r.l.	SPV	22 October 2021	AEG MH 02 Limited	Italy
AED Italia-02 S.r.l.	SPV	22 October 2021	AEG MH 02 Limited	Italy
AED Italia-03 S.r.l.	SPV	22 October 2021	AEG MH 02 Limited	Italy
AED Italia-04 S.r.l.	SPV	22 October 2021	AEG MH 02 Limited	Italy
AED Italia-05 S.r.l.	SPV	22 October 2021	AEG MH 02 Limited	Italy
AEG MH 02 Limited	Holding Company	8 March 2022	Alternus Europe Limited	Ireland
Alternus Europe Limited f/k/a AEG JD 03 Limited	Holding Company	21 March 2022	Alternus Lux 01 S.a.r.l.	Ireland
Alt Spain 03, S.L.U.	SPV	31 May 2022	Alt Spain Holdco S.L.	Spain
Alt Spain Holdco, S.L.U.	Holding Company	Acquired 14 July 2022	AEG MH 02 Limited	Spain
AED Italia-06 S.r.l.	SPV	2 August 2022	AEG MH 02 Limited	Italy
AED Italia-07 S.r.l.	SPV	2 August 2022	AEG MH 02 Limited	Italy
AED Italia-08 S.r.l.	SPV	5 August 2022	AEG MH 02 Limited	Italy
Alternus LUX 01 S.a.r.l.	Holding Company	5 October 2022	Alternus Clean Energy, Inc.	Luxembourg
Alt Spain 04, S.L.U.	SPV	May 2022	Alt Spain Holdco, S.L.U.	Spain
Alt Alliance LLC	Holding Company	September 2023	Alternus Clean Energy, Inc.	USA
AEG MH 04 Limited	Holding Company	16 January 2024	Alternus Lux 01 S.a.r.l.	Ireland
ALT POL HC 02 sp. z.o.o.	Holding Company	20 January 2023	Alternus Europe Limited	Poland
New Frog Projects S.L.	SPV	31 July 2023	Alt Spain Holdco, S.L.U.	Spain
ALANTEAN LLC	Joint Venture LLC Partnership	10 April 2024	Alt Alliance LLC	USA
BESS LLC	Holding Company	10 December 2024	Alternus Clean Energy Inc.	USA

2. Going Concern and Management's Plans

Our consolidated financial statements for the year ended December 31, 2024, identify the existence of certain conditions that raise substantial doubt about our ability to continue as a going concern for twelve months from the issuance of these financial statements:

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements during the period ended December 31, 2024, the Company incurred losses from continuing operations of ($24.8) million and a net loss of ($32.6) million for the year ended December 31, 2024 and 2023, respectively. The Company had total shareholders' (deficit) of ($33.9) million as of December 31, 2024 and ($63.3) million at December 31, 2023, respectively. The Company had $0.2 million of unrestricted cash on hand as of December 31, 2024.

Our operating revenues are insufficient to fund our operations, and our assets already are pledged to secure our indebtedness to various third party secured creditors. The unavailability of additional financing could require us to delay, scale back, or terminate our acquisition efforts as well as our own business activities, which would have a material adverse effect on the Company and its viability and prospects.

The terms of our indebtedness, including the covenants and the dates on which principal and interest payments on our indebtedness are due, increases the risk that we will be unable to continue as a going concern. To continue as a going concern over the next twelve months, we must make payments on our debt as they come due and comply with the covenants in the agreements governing our indebtedness or, if we fail to do so, to (i) negotiate and obtain waivers of or forbearances with respect to any defaults that occur with respect to our indebtedness, (ii) amend, replace, refinance, or restructure any or all of the agreements governing our indebtedness, and/or (iii) otherwise secure additional capital. However, we cannot provide any assurances that we will be successful in accomplishing any of these plans.

On October 3, 2024, because Solis was unable to fully repay the Solis Bonds, the Company sold Solis and its subsidiaries in Romania to Solis Trustee Special Vehicle Limited, the Solis Bondholders' ownership vehicle, for €1 in accordance with the terms of the Solis Bonds, as amended. As a result of the sale, the Company eliminated approximately $115 million in debt and payables related to Solis activities and improved shareholders equity by approximately $59 million. Solis accounted for 98% of group revenues for the nine months ended September 30, 2024. Solis bondholders continue to hold a preference share in an Alternus holding company which holds certain development projects in Spain and Italy. The preference share gives the bondholders the right on any distributions up to €10 million, and such assets will be divested to ensure repayment of up to €10 million should it not be fully repaid by the Maturity Date.

On November 8, 2024, the Company was notified by the staff of The Nasdaq Stock Market ("Nasdaq") that the Company did not meet the market value of listed securities requirement in Listing Rule 5550(b)(2) (the "MVLS Rule") for continued listing on The Nasdaq Capital Market (the "Staff Determination"). The Company requested a hearing before the Nasdaq Hearings Panel (the "Panel") to appeal the Staff Determination.

On February 10, 2025, the Company received a determination letter (the "Delisting Notification") from the Nasdaq Hearings Advisor stating that the Panel has determined to delist the Company's common stock, par value $0.0001 per share (the "Common Stock") from the Nasdaq Capital Market, and Nasdaq suspended trading in the Company's Common Stock on February 12, 2025 because the Company has not demonstrated compliance with the MVLS Rule, nor does it meet any of the alternative requirements under Nasdaq Listing Rule 5550(b) and has failed to demonstrate that additional time to regain compliance is appropriate. The Company was additionally in violation of the bid price requirement of Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), as disclosed recently on January 31, 2025, which was taken into consideration by the Panel in its Delisting Notification.

The Company's Common Stock is currently quoted on an over-the-counter trading market.

The Company is currently working on several processes to address the going concern issue. The Company is working with shareholders, investment funds and multiple global banks and funds to secure necessary project financing to execute our transatlantic business plan.

3. Summary of Significant Accounting Policies

Basis of Presentation

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired or disposed of during the respective periods are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Related Party Transactions

A Related Party transaction is any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which (i) the Company or any of its subsidiaries is or will be a participant, and (ii) any Related Party has or will have a direct or indirect interest. A Related Party is any person who is or was (since the beginning of the last fiscal year even if such person does not presently serve in that role) an executive officer or director of the Company, any shareholder owning more than 5% of any class of the Company's voting securities, or an immediate family member of any such person. Refer to Footnote 25 for more details.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the periods presented. Significant items subject to such estimates include, but are not limited to, the assumptions utilized in the valuation of the assets acquired and liabilities assumed, determination of a business combination or asset acquisition, impairment of long-lived assets, measurement of level 3 fair value assets, and recovery of capitalized cost. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and adjusts when facts and circumstances dictate. These estimates are based on information available as of the date of financial statements; therefore, actual results could differ from these estimates.

Segments

The Company has two operating segments, United States Operations and European Operations, and has identified the chief operating decision-making ("CODM") group as the CEO of the Company. The CEO regularly reviews the Reporting Packs that contain financial and operational results aggregated by geography as well as consolidated income statement, balance sheet, and equity of the overall company.

Cash and Cash Equivalents

The Company considers cash and highly liquid investments with original maturities of three months or less to be cash and cash equivalents. The Company maintains cash and cash equivalents with major financial institutions, the largest concentration in the United States, Ireland, Spain, and Italy, and with ING in Poland. The Company may at times exceed federally insured limits or statutorily insured limits in a foreign jurisdiction. The Company periodically assesses the financial condition and due to the size and stability of the institutions believes the risk of loss to be remote.

The Consolidated Statements of Cash Flows includes the cash flows of continuing and discontinued operations. The following is a reconciliation of "Cash and cash equivalents" of continuing operations presented in the Consolidated Balance Sheets and the total cash, cash equivalents, and restricted cash presented in the Consolidated Statements of Cash Flows:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Cash and cash equivalents on the Consolidated Balance Sheets	$ 161	$ 4,042
Cash and cash equivalents of discontinued operations included in current assets of discontinued operations on the Consolidated Balance Sheets	-	1,361
Restricted cash of discontinued operations included in current assets of discontinued operations on the Consolidated Balance Sheets	-	19,161
Total cash, cash equivalents, and restricted cash on the Consolidated Statements of Cash Flow	**$ 161**	**$ 24,564**

Reclassification of Prior Period Cash Flows

On October 3, 2024, the Company completed the sale of Solis Bond Company DAC and its subsidiaries in Romania, which met the criteria for classification as a discontinued operation under ASC 205-20. Consequently, the results of Solis and its Romanian subsidiaries have been presented as discontinued operations in the consolidated financial statements for all periods presented. As a result, the consolidated statements of cash flows for the year ended December 31, 2023, have been recast to segregate cash flows from discontinued operations. These reclassifications had no impact on previously reported net cash flows. The following table summarizes the cash flows attributable to discontinued operations (in thousands):

	Year Ended December 31,	
Discontinued Operations	**2024**	**2023**
Net cash provided by/(used in) operating activities	$ 95,592	$ 10,173
Net cash provided by/(used in) investing activities	23,088	(124)
Net cash provided by/(used in) financing activities	(137,729)	(17,164)

Accounts Receivable

Accounts receivable are uncollateralized amounts due from customers under normal trade terms. Accounts receivables are presented net of allowance for doubtful accounts. The Company establishes an allowance for doubtful customer accounts, through a review of historical losses, customer balances, and industry economic conditions. Under the expected loss model, a loss (or allowance) is recognized upon initial recognition of the asset that reflects all future events that may lead to a loss being realized, regardless of whether it is probable that the future event will occur. The Company extends credit based on an evaluation of customers' financial condition and determines any additional collateral requirements. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company considers invoices past due when they are outstanding longer than the stated term. Under the expected loss model, a loss (or allowance) is recognized upon initial recognition of the asset that reflects all future events that may lead to a loss being realized, regardless of whether it is probable that the future event will occur. Management considers the carrying value of accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

The allowance for credit losses was $0 thousand and $7 as of December 31, 2024 and 2023, respectively.

Concentration of Credit Risk

At times, the Company maintains cash balances in financial institutions which may exceed federally insured limits. The Company maintains cash balances in all countries in which it operates and in Ireland where the Company is headquartered. Government coverage for the Company's cash balances are as follows:

- European Union - $105,841 (€100,000) per account is covered for operations in Romania, Poland, Italy, and the Company's headquarters in Ireland.
- United States - $250,000

While the company did not have any cash accounts above the government insurance amounts as of December 31, 2024, it did at times have balances above the insurance amount throughout the year. The Company has not experienced any losses relating to such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents or restricted cash.

Economic Concentrations

The Company and its subsidiaries own and operate solar generating facilities installed on buildings and land located across Europe and the United States. Future operations could be affected by changes in the economy, other conditions in those geographic areas, or by changes in the demand for renewable energy.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization, and impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Depreciation is computed on a straight-line basis over the estimated useful lives. The useful lives per asset class are as follows:

- Solar Energy Facilities carry a useful life of the lesser of 35 years from the original placed in-service date or the lease term of the land on which they are built.
- Leasehold improvements are amortized over the shorter of the lease term or their estimated useful life.
- Furniture and fixtures carry a useful life of 3 years.
- Software and computer equipment carry a useful life of 3 and 5 years respectively.

Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. Expenditures for maintenance and repairs, which do not materially extend the useful lives of assets, are charged to expense as incurred. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are removed from the respective accounts and a gain or loss, if any, is recognized on the Consolidated Statements of Operations and Comprehensive Income/(Loss) during the year of disposal. When the Company abandons the anticipated construction of a new solar energy facility during the development phase, costs previously capitalized on the Consolidated Balance Sheet are written off to the Consolidated Statements of Operations and Comprehensive Income/(Loss) at the parent company.

Capitalized Development Costs

Capitalized development costs relate to various projects that are under development for the period. As management determines to proceed with the development of a new solar park or purchase an existing construction project of a solar park, costs toward the final value of that project are recorded in Capitalized Development Costs on the Consolidated Balance Sheet. Costs can include, but are not limited to, financial, technical, and legal due diligence costs.

As the Company closes either the purchase or development of new solar parks and begins construction, the balance of these costs is reclassified to Construction in Process on the Consolidated Balance sheet. Once construction is complete and all costs have been incurred, the final asset balance is displayed in Property and Equipment. If the Company does not close on the prospective project, these costs are written off to Development Costs on the Consolidated Statements of Operations and Comprehensive Income/(Loss).

Impairment of Solar Energy Facilities

The Company reviews its investments in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is evaluated at the asset group level, which is determined based upon the lowest level of separately identifiable cash flows. When evaluating for impairment, if the estimated undiscounted cash flows from the use of the asset group are less than the asset group's carrying amount, then the asset group is deemed to be impaired and is written down to its fair value. Fair value is determined by net realizable value of the assets using ASC 820. The amount of the impairment loss is equal to the excess of the asset group's carrying value over its estimated fair value.

During the year ended December 31, 2023, the Company recorded an impairment loss of $11.8 million in the Consolidated Statement of Operations and Comprehensive Income/(Loss) related to the Polish assets held for sale to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations on the Consolidated Statement of Operations and Comprehensive Income/(Loss).

During the year ended December 31, 2024, the Company recorded an impairment loss of $3.3 million in the Consolidated Statement of Operations and Comprehensive Income/(Loss) related to the Spanish assets held for sale to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in Other Income/(Expense) for continuing operations on the Consolidated Statement of Operations and Comprehensive Income/(Loss).

Deferred Financing Costs and Debt Discount Amortization

The Company incurs expenses related to debt arrangements. These deferred financing costs and debt discount costs are capitalized and amortized over the term of the related debt or revolving credit facilities and netted against the related debt.

Asset Retirement Obligations

In connection with the acquisition or development of solar energy facilities, the Company may have the legal requirement to remove long-lived assets constructed on leased property and to restore the leased property to its condition prior to the construction of the long-lived assets. This legal requirement is referred to as an asset retirement obligation (ARO). If the Company determines that an ARO is required for a specific solar energy facility, the Company records the present value of the estimated future liability when the solar energy facility is placed in service as an ARO liability. The discount rate used to estimate the present value of the expected future cash flows for the year ended December 31, 2023 was 7.3%. The Company accretes the ARO liability to its future value over the solar energy facility's useful life and records the related interest expense to amortization expense on the consolidated statement of operations. Solar facilities that require AROs are recorded as part of the carrying value of property and depreciated over the solar energy facility's useful life.

Leases

The Company accounts for leases in accordance with ASC 842, *Leases*. The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the Consolidated Statement of Operations and Other Comprehensive Income/(Loss).

Lease assets and liabilities are recognized based on the present value of the future lease payments over the lease term at the lease commencement date, discounted using the Company's incremental borrowing rate, and are presented as right of use ("ROU") assets (for operating leases) or as a component of property and equipment, net (for finance leases) and current and long-term lease liabilities on the Consolidated Balance Sheet. The Company estimates its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. Refer to Footnote 15 for additional information.

Operating lease expense attributable to site leases is reported within cost of revenues in the Company's Consolidated Statements of Operations and Comprehensive Income/(Loss). Lease expense attributable to all other operating leases is reported within selling, general, and administrative expense in the Company's Consolidated Statements of Operations and Comprehensive Income/(Loss).

Revenue Recognition

The Company follows the guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). The core principle underlying revenue recognition under ASC 606 is that revenue should be recognized as goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled. ASC 606 defines a five-step process to achieve this core principle. ASC 606 also mandates additional disclosure about the nature, amount, timing, and uncertainty of revenues and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Company has historically derived revenues through its recently discontinued subsidiaries (see Footnote 6) from the sale of electricity and the sale of solar renewable energy credits (RECs) in Romania and guarantees of origin certificates (GoOs) in Poland. The Company received Green Certificates based on the amount of energy produced in Romania. Energy generation revenue and solar renewable energy credits revenue are recognized as electricity generated by the Company's solar energy facilities is delivered to the grid, at which time all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth by its customer contracts.

The Company's current portfolio of renewable energy facilities is generally contracted under long-term Energy Offtake Agreements (FIT programs/PPAs/VPPAs) with creditworthy counterparties in the respective regions we operate in. Pricing of the electricity sold under these agreements is generally fixed for the duration of the contract, although some of its PPAs have price escalators based on an index (such as the consumer price index) or other rates specified in the applicable PPA.

One solar park in the Netherlands receives pre-payments calculated at the beginning of the year and based on the previous years' production (MWhs produced) multiplied by a calculated average price per MWh for the year and divided by twelve. The Company books revenue monthly by multiplying actual production per the Company's meters by the average price provided by the Offtaker at the beginning of the year to estimate revenue for the month. There is a true-up performed in June of the following year using actual power produced for the previous year multiplied by the average EPEX price (average actual market price per KWh for the year) less the prepayment for the year. If the true-up calculation is positive, The Offtaker settles with a payment to the Company. If the true-up is negative, the Company settles with a payment to Offtaker.

Disaggregated Revenues

The following table shows the Company's revenues disaggregated by country and contract type:

	Year Ended December 31,	
Revenue by Country	**2024**	**2023**
	(in thousands)	
Italy	$ -	$ 3,360
United States	311	116
Total for continuing operations	$ 311	$ 3,476
Discontinued Operations:		
Netherlands	$ 16	$ 2,840
Poland	106	7,593
Romania	9,687	16,608
Total for discontinued operations	$ 9,809	$ 27,041
Total for the period	**$ 10,120**	**$ 30,517**

	Year Ended December 31,	
Revenue by Offtake Type	**2024**	**2023**
	(in thousands)	
Country Renewable Programs	$ 311	$ 2,505
Energy Offtake Agreements	-	962
Total for continuing operations	$ 311	$ 3,467
Discontinued Operations:		
Country Renewable Programs	$ 334	$ 5,966
Green Certificates	5,803	10,548
Guarantees of Origin	-	129
Energy Offtake Agreements	3,638	10,403
Other Revenue	34	4
Total for discontinued operations	$ 9,809	$ 27,050
Total for the period	**$ 10,120**	**$ 30,517**

One customer represented 100% of continuing operational revenues during the year ended December 31, 2024 compared to two customers that represented 86% for the year ended December 31, 2023. The revenues from these customers accounted for $0.3 million and $3.0 million of revenue for the year ended December 31, 2024 and 2023, respectively.

Five customers represented 76% of the discontinued operational revenues during the year ended December 31, 2024 compared to four customers that represented 84% for the year ended December 31, 2023. The revenues from these customers accounted for $7.7 million and $25.7 million of revenue for the year ended December 31, 2024 and 2023, respectively.

Unbilled Energy Incentives Earned

The Company derives revenues from the sale of green certificates for the Romania projects. The green certificates revenues are recognized in the month they are generated by the solar project and registered with the local authority. The Company considers them unbilled at the end of the period if they have not been invoiced to a third-party customer.

Cost of Revenues

Cost of revenues primarily consists of operations and maintenance expense, insurance premiums, property taxes, and other miscellaneous costs associated with the operations of solar energy facilities. Costs are expensed as incurred.

Taxes Recoverable and Payable

The Company records taxes recoverable when there has been an overpayment of taxes due to timing of the Value Added Tax (VAT) between vendors and customers. The VAT tax can also be offset against a Country's income taxes where the VAT was registered.

Capitalized Development Costs and Impairment Policy

The Company capitalizes development costs directly attributable to the design and construction of clean energy facilities, such as solar farms and battery storage systems, in accordance with ASC 360, Property, Plant, and Equipment. These costs may include engineering and architectural fees, permitting expenses, site preparation, and construction-related overhead. Capitalization commences when the project is deemed probable and continues until the asset is substantially complete and ready for its intended use.

The Company evaluates the recoverability of capitalized development costs whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators are present, the Company performs a recoverability test by comparing the carrying amount of the asset to the sum of the undiscounted future cash flows expected to result from its use and eventual disposition. If the carrying amount exceeds the estimated future cash flows, an impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. Additionally, if a project is abandoned or it is determined that the asset will not be completed or placed into service, the related capitalized costs are written off in the period such determination is made as Development Costs and is recognized on the Consolidated Statements of Operations and Other Comprehensive Income/ Loss).

Risks and Uncertainties

The Company's operations are subject to significant risks and uncertainties including financial, operational, technological, and regulatory risks and the potential risk of business failure. Refer to Footnote 2 regarding going concern matters.

Fair Value of Financial Instruments

The Company measures its financial instruments at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy are described below:

Level 1 – Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable as of the reporting date. Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially of the full term of the related assets or liabilities.

Level 3 – Pricing inputs that are unobservable. Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable.

The Company holds various financial instruments that are not required to be measured at fair value. For cash and cash equivalents, restricted cash, accounts receivable, various debt instruments, prepayments and other current assets, accounts payable, accrued liabilities, and other current liabilities, the carrying value approximated their fair values due to the short-term maturity of these instruments. The Company's forward purchase agreement asset is considered a Level 3 financial instrument at fair value and is described below in Footnote 5.

Business Combinations and Acquisition of Assets

The Company applies the definition of a business in ASC 805, *Business Combinations,* to determine whether it is acquiring a business or a group of assets. When the Company acquires a business, the purchase price is allocated to; (i) the acquired tangible assets and liabilities assumed, primarily consisting of solar energy facilities and land, (ii) the identified intangible assets and liabilities, primarily consisting of intellectual property ("IP"), favorable and unfavorable rate Power Purchase Agreements (PPAs), Renewable Energy Credit (REC) agreements, and favorable or below-market exclusive consulting agreements (iii) asset retirement obligations, (iv) non-controlling interest, and (v) other working capital items based in each case on their estimated fair values. The excess of the purchase price, if any, over the estimated fair value of net assets acquired is recorded as goodwill. The fair value measurements of the assets acquired, and liabilities assumed were derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs required significant judgments and estimates at the time of the valuation. In addition, acquisition costs related to business combinations are expensed as incurred.

When an acquired group of assets does not constitute a business, the transaction is accounted for as an asset acquisition. The cost of assets acquired and liabilities assumed in asset acquisitions is allocated based upon relative fair value. The fair value measurements of the solar facilities acquired and asset retirement obligations assumed were derived utilizing an income approach and based, in part, on significant inputs not observable in the market. These inputs include, but are not limited to, estimates of future power generation, commodity prices, operating costs, and appropriate discount rates. These inputs require significant judgments and estimates at the time of the valuation. Transaction costs, including legal and financing fees directly related to the acquisition incurred, are capitalized as a component of the assets acquired.

The allocation of the purchase price directly affects the following items in the Company's consolidated financial statements:

- The amount of purchase price allocated to the various tangible and intangible assets and liabilities on the Company Balance Sheet; and
- The amounts allocated to all other tangible and intangible assets are amortized to depreciation or amortization expense, with the exception of favorable and unfavorable rate land leases and unfavorable rate Operation and Maintenance (O&M) contracts which are amortized to cost of revenue.

The period over which tangible and intangible assets and liabilities are depreciated or amortized varies. Changes in the amounts allocated to these assets and liabilities will have a direct impact on the Company's results of operations.

Impairment of Long-Lived Assets and Identifiable Intangible Assets

Identifiable intangible assets with finite lives are amortized over their estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates recoverability by comparing the carrying amount of the asset group to the estimated undiscounted future cash flows expected to result from the use and eventual disposition of the assets. If the carrying amount of the asset group is not recoverable, an impairment loss is recognized equal to the amount by which the carrying amount exceeds fair value, determined using discounted cash flows or other appropriate valuation techniques.

Goodwill Impairment

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company evaluates goodwill for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at the reporting unit level by comparing the estimated fair value of the reporting unit to its carrying amount, including goodwill. If the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess, limited to the carrying amount of goodwill. The Company determines fair value using a combination of income and market approaches, as appropriate.

Income Taxes

Deferred taxes are determined using the asset and liability method. Deferred tax assets are recognized for deductible temporary differences, operating loss, and tax credit carry forwards. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in the financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the company has taken or expects to take in its return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between the positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

As a result of the Tax Cuts and Jobs Act (TCJA) of 2017, the Company analyzed if a liability needed to be recorded for the deemed repatriation of undistributed earnings. It was determined that there is no outstanding liability associated with this based on overall negative undistributed earnings (accumulated deficit) in the consolidated foreign group. An additional provision of the TCJA is the implementation of the Global Intangible-Low Taxed Income Tax, or "GILTI." The Company has elected to account for the impact of GILTI in the period in which the tax applies to the Company.

Penalties and interest assessed by income tax authorities would be included in income tax expense. The company incurred penalties of $0.2 million and $0.4 million for the period ended December 31, 2024 and 2023, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718. Stock-based compensation expense for equity instruments issued to employees and non-employees is measured based on the grant-date fair value of the awards. The fair value of each stock unit is determined based on the valuation of the Company's stock on the date of grant. The fair value of each stock option is estimated on the date of grant using the Black-Scholes-Merton stock option pricing valuation model. The Company uses a simplified method for calculating the expected term of their options. The Company recognizes compensation costs using the straight-line method for equity compensation awards over the requisite service period of the awards, which is generally the awards' vesting period. The Company accounts for forfeitures of awards in the period they occur.

Use of the Black-Scholes-Merton option-pricing model requires the input of highly subjective assumptions, including (1) the expected terms of the option, (2) the expected volatility of the price of the Company's common stock, and (3) the expected dividend yield of our common stock. The assumptions used in the option-pricing model represent management's best estimates. These estimates involve inherent uncertainties and the application of management's judgments. If factors change and different assumptions are used, the Company's stock-based compensation expense could be materially different in the future. Additional inputs to the Black-Scholes-Merton option-pricing model include the risk-free interest rate and the fair value of the Company's common stock. The Company determines the risk-free interest rate by using the United States Treasury Rates of the same period as the expected term of the stock-option.

Net Loss Per Share

Net loss per share is computed pursuant to ASC 260, *Earnings per Share*. Basic net loss per share attributable to common shareholders is computed by dividing net loss attributable to common shareholders by the weighted average number of common stock outstanding for the period. Diluted net loss per share attributable to common shareholders is computed by dividing net loss attributable to common shareholders by the weighted average number of common stock outstanding for the period plus the number of common stock that would have been outstanding if all potentially dilutive common stock had been issued, using the treasury stock method or if-converted method, as applicable. Potentially dilutive shares related to stock options, warrants, and convertible notes were excluded from the calculation of diluted net loss per share due to their anti-dilutive effect due to losses in each period. The following table sets forth the outstanding potentially dilutive securities that have been excluded in the calculation of diluted net loss per share because their inclusion would be anti-dilutive:

	Year Ended December 31,	
	2024	**2023**
Warrants	3,000,149	493,800
Total	**3,000,149**	**493,800**

Foreign Currency Transactions and Other Comprehensive Loss

Foreign currency transactions are those transactions whose terms are denominated in a currency other than the currency of the primary economic environment in which the Company operates, which is referred to as the functional currency. The functional currency of the Company's foreign subsidiaries is typically the applicable local currency which is the Romanian Lei (RON), the Polish Zloty (PLN), or the European Union Euro (EUR). Transactions denominated in foreign currencies are remeasured to the functional currency using the exchange rate prevailing at the balance sheet date for balance sheet accounts and using an average exchange rate during the period, which approximates the daily exchange rate, for income statement accounts. Foreign currency gains or losses resulting from such remeasurement are included in the Consolidated Statement of Operations and Comprehensive Income/(Loss) in the period in which they arise.

Transaction gains and losses are recognized in the Company's Consolidated Statement of Operations and Comprehensive Income/(Loss) based on the difference between the foreign exchange rates on the transaction date and on the reporting date. The Company had an immaterial net foreign exchange loss for the year ended December 31, 2024 and 2023.

The translation from functional foreign currency to United States Dollars (USD) is performed for asset and liability accounts using current exchange rates in effect at the balance sheet date and using an average exchange rate during the period, which approximates the daily exchange rate, for income statement accounts. The effects of translating financial statements from functional currency to reporting currency are recorded in other comprehensive income. For the years ended December 31, 2024 and 2023, the increase/(decrease) in comprehensive loss related to foreign currency translation gains was ($1.7) million and $0.7 million, respectively.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments-Credit losses (Topic 326), subsequently amended by ASU 2020-2.

This new guidance changes how entities account for credit impairment for trade and other receivables, as well as for certain financial assets and other instruments held at amortized cost. The update replaces the previous current incurred loss model with an expected loss model. Under the incurred loss model, a loss (or allowance) is recognized only when an event has occurred (such as a payment delinquency) that causes the entity to believe that a loss is probable (that is has been "incurred"). Under the expected loss model, a loss (or allowance) is recognized upon initial recognition of the asset that reflects all future events that may lead to a loss being realized, regardless of whether it is probable that the future event will occur. The incurred loss model considers past events and conditions, while the expected loss model includes expectations for the future which have yet to occur. ASU 2018-19 was issued in November 2018 and excludes operating leases from the new guidance. The standard requires entities to record a cumulative-effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. For public business entities that meet the definition of a United States Securities and Exchange (SEC) filer, the update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As an Emerging Growth Company, the standard is effective for the Company's annual reporting period and interim periods beginning first quarter of 2023. The Company has adopted this standard as of January 1, 2023 and the adoption did not have a material impact on the consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update 2020-06, Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). The ASU simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. The FASB reduced the number of accounting models for convertible debt and convertible preferred stock instruments and made certain disclosure amendments to improve the information provided to users. In addition, the FASB amended the derivative guidance for the "own stock" scope exception and certain aspects of EPS guidance. For public business entities that meet the definition of a SEC filer, excluding entities eligible to be a smaller reporting company as defined by the SEC, the guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the guidance is effective for fiscal years, including interim periods within those fiscal years, beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company adopted this standard as of January 1, 2023 and the adoption did not have a material impact on the condensed consolidated financial statements.

Effective January 1, 2024, the Company adopted Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update requires disclosure of significant segment expenses regularly provided to the Chief Operating Decision Maker (CODM) and enhances qualitative disclosures about segment operations. The adoption of this ASU did not impact the Company's consolidated financial position, results of operations, or cash flows.

Convertible Debt Instruments

The Company accounts for convertible debt instruments in accordance with ASC 470-20, Debt with Conversion and Other Options. In accordance with ASU 2020-06, the Company does not separately account for the embedded conversion feature of convertible instruments unless it meets the criteria for a derivative or requires bifurcation under other applicable guidance.

Convertible debt is initially recorded at its principal amount, net of any issuance costs, which are amortized to interest expense using the effective interest method over the contractual term of the debt. Interest expense is recognized based on the stated coupon rate unless the instrument contains a significant premium or discount.

If the convertible instrument includes embedded features that qualify for derivative accounting, the fair value of such features is separated and accounted for as a derivative liability, with changes in fair value recognized in the statement of operations (unless the Fair Value Option (FVO) is elected with respect to the hybrid debt instrument).

Upon conversion or settlement of the debt, the Company derecognizes the liability and records any difference between the carrying amount and the fair value of the consideration transferred in equity or the income statement, as appropriate.

The Company evaluates its convertible debt instruments for classification between liabilities and equity, as well as for potential beneficial conversion features or other embedded features requiring separate accounting.

Fair Value Option – Hybrid Debt Instruments

The Company has elected the fair value option under ASC 825-10, Financial Instruments – Fair Value Option, for certain hybrid debt instruments (identify specific instruments and cross reference related Note) that contain embedded features which would otherwise require bifurcation and separate accounting under ASC 815, Derivatives and Hedging. The election simplifies accounting by measuring the entire instrument at fair value, with changes in fair value recognized in earnings. Fair value is determined using observable market data when available and valuation models when observable inputs are not readily available. Changes in fair value attributable to both credit risk and market risk are recorded in Other income (expense), net in the Consolidated Statement of Operations and Other Comprehensive Income/(Loss).

The initial fair value of the instrument includes any embedded features. Transaction costs incurred in connection with the issuance of the instrument are expensed as incurred in accordance with ASC 825-10-25-3. Instruments for which the fair value option has been elected are classified as short-term or long-term liabilities based on their contractual maturity dates. The Company evaluates the appropriateness of the fair value measurement hierarchy at each reporting period and discloses the level within the fair value hierarchy (Level 1, Level 2, or Level 3) accordingly.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures to enhance the transparency of income tax disclosures relating to the rate reconciliation, disclosure of income taxes paid, and certain other disclosures. The ASU should be applied prospectively and is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact on the related disclosures; however, it does not expect this update to have an impact on its financial condition or results of operations.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to improve the disclosures about reportable segments and include more detailed information about a reportable segment's expenses. This ASU also requires that a public entity with a single reportable segment, provide all of the disclosures required as part of the amendments and all existing disclosures required by Topic 280. The ASU should be applied retrospectively to all prior periods presented in the financial statements and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this in the year ended December 31, 2024.

4. 2023 Business Combination with Clean Earth Acquisitions Corp.

As discussed in Footnote 1, on December 22, 2023, Clean Earth Acquisitions Corp. ("CLIN"), Alternus Energy Group Plc ("AEG") and Clean Earth Acquisition Sponsor LLC (the "Sponsor") completed the Business Combination. Upon the Closing of the Business Combination, the following occurred:

- In connection with the Business Combination, AEG transferred to CLIN all issued and outstanding AEG interests in certain of its subsidiaries (the "Acquired Subsidiaries") in exchange for the issuance by CLIN at the Closing of 2,300,000 shares of common stock of CLIN. At Closing, CLIN changed its name to Alternus Clean Energy, Inc. ("ALCE" or the "Company").

- In connection with the Business Combination, 920,000 rights to receive one-tenth (1/10) of one share of Class A common stock was exchanged for 92,000 shares of the Company's common stock.

- In addition to shares issued to AEG noted above, 9,000 shares of Common Stock were issued at Closing to the Sponsor to settle a CLIN convertible promissory note held by the Sponsor at Closing.

- Each share of CLIN Class A common stock held by the CLIN Sponsor prior to the closing of the Business Combination, which totaled 342,267 shares, was exchanged for, on a one-for-one basis for shares of the Company's Common Stock.

- Each share of CLIN common stock subject to possible redemption that was not redeemed prior to the closing of the Business Combination, which totaled 5,086 shares, was exchanged for, on a one-for-one basis for shares of the Company's Common Stock.

- In connection with the Business Combination, an investor that provided the Company funding through a promissory note, was due to receive warrants to purchase 12,000 shares of Common Stock at an exercise price of $0.25 per share and warrants to purchase 4,000 shares of Common Stock at an exercise price of $287.50 per share pursuant to the Secured Promissory Note Agreement dated October 3, 2023. Upon closing of the Business Combination, the investor received those warrants.

- In connection with the Business Combination, CLIN entered into a Forward Purchase Agreement (the "FPA") with certain accredited investors (the "FPA Investors") that gave the FPA Investors the right, but not an obligation, to purchase up to 111,862 shares of CLIN's common stock. Of the 111,862 shares, the FPA Investors purchased 52,013 shares of Common Stock and the Company issued an aggregate of 59,849 shares of the Company's common stock pursuant to the FPA.

- The proceeds received by the Company from the Business Combination, net of the FPA and transaction costs, totaled $5.1 million.

The following table presents the total Common Stock outstanding immediately after the closing of the Business Combination:

	Number of Shares
Exchange of CLIN common stock subject to possible redemption that was not redeemed for Alternus Clean Energy Inc. common stock	5,086
Exchange of public share rights held by CLIN shareholders for Alternus Clean Energy Inc. common stock	92,000
Issuance of Alternus Clean Energy, Inc. common stock to promissory note holders	16,000
Exchange of CLIN Class A common stock held by CLIN Sponsor for Alternus Clean Energy Inc. common stock	342,267
Subtotal - Business Combination, net of redemptions	455,353
Issuance of shares under the FPA	59,849
Shares purchased by the accredited investor under the FPA	52,013
Issuance of Alternus Clean Energy Inc. common stock to Alternus Energy Group Plc. on the Closing Date	2,300,000
Issuance of Alternus Clean Energy Inc. common stock to the CLIN Sponsor as a holder of CLIN convertible notes on the Closing Date	9,000
Total – Alternus Clean Energy Inc. common stock outstanding as a result of the Business Combination, FPA, exchange of Acquired Subsidiaries' shares for shares of Alternus Clean Energy Inc. and issuance of Alternus Clean Energy Inc. common stock the holder of CLIN convertible notes.	2,876,215

5. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Inputs used to measure fair value are prioritized within a three-level fair value hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

As of December 31, 2024, the summary of the fair value instruments held by the Company were as follows, in thousands:

	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Total**
Forward Purchase Agreement	-	-	-	-
Convertible Loan Note	-	-	1,662	1,662
Warrant Liability	-	-	811	811
Total	**$ -**	**$ -**	**$ 2,473**	**$ 2,473**

Valuation Techniques

- Forward Purchase Agreement: Valued using unobservable inputs that are not corroborated by market data (Level 3).

- Convertible Note (fair value option): Valued using unobservable inputs that are not corroborated by market data (Level 3).

- Warrant Liability: Valued using unobservable inputs that are not corroborated by market data (Level 3).

On December 3, 2023, the Company entered into an agreement with (i) Meteora Capital Partners, LP, (ii) Meteora Select Trading Opportunities Master, LP, and (iii) Meteora Strategic Capital, LLC (collectively "Meteora") for OTC Equity Prepaid Forward Transactions (the "FPA"). The purpose of the FPA was to decrease the amount of redemptions in connection with the Company's Special Meeting and potentially increase the working capital available to the Company following the Business Combination.

Pursuant to the terms of the FPA, Meteora purchased 111,862 (the "Purchased Amount") shares of common stock concurrently with the Business Combination Closing pursuant to Meteora's FPA Funding Amount PIPE Subscription Agreement, less the 52,013 shares of common stock separately purchased from third parties through a broker in the open market ("Recycled Shares"). Following the consummation of the Business Combination, Meteora delivered a Pricing Date Notice dated December 10, 2023, which included 52,013 Recycled Shares, 59,849 additional shares and 111,862 total number of shares. The FPA provides for a prepayment shortfall in an amount in US dollars equal to $500,000. Meteora in its sole discretion may sell Recycled Shares at any time following the Trade Date at prices (i) at or above $250.00 during the first three months following the Closing Date and (ii) at any sales price thereafter, without payment by Meteora of any Early Termination Obligation until such time as the proceeds from such sales equal 100% of the Prepayment Shortfall. The number of shares subject to the Forward Purchase Agreement is subject to reduction following a termination of the FPA with respect to such shares as described under "Optional Early Termination" in the FPA. The reset price is set at $250.00. Commencing from June 22, 2024, the reset price is subject to reduction upon the occurrence of a Dilutive Offering.

The Company holds various financial instruments that are not required to be recorded at fair value. For cash, restricted cash, accounts receivable, accounts payable, and short-term debt, the carrying amounts approximate fair value due to the short maturity of these instruments.

The fair value of the Company's recorded forward purchase agreement ("FPA") is determined based on unobservable inputs that are not corroborated by market data, which require a Level 3 classification. The Company records the forward purchase agreement at fair value on the consolidated balance sheets with changes in fair value recorded in the consolidated statements of operation.

The following table presents changes of the forward purchase agreement with significant unobservable inputs (Level 3) as of December 31, 2024, in thousands:

	Forward Purchase Agreement
Balance at January 1, 2023	$ -
Recognition of Forward Purchase Agreement Asset	17,125
Change in fair value	(16,642)
Balance at December 31, 2023	**483**
Change in fair value	(483)
Balance at December 31, 2024	**$ -**

The Company measures the April 19, 2024 convertible note and private placement warrants using a Monte Carlo simulation valuation model and applying the following assumptions as of December 31, 2024:

	Convertible Loan Note	Warrant Liability
Risk-free rate	4.37%	4.37%
Underlying stock price	$ 0.79	$ 0.79
Expected volatility	50%	50%
Term	0.3 years	4.8 years
Dividend yield	0%	0%

The following table presents changes of the convertible note and private placement warrants issued April 2024 with significant unobservable inputs (Level 3) as of December 31, 2024, in thousands:

	Convertible Note
Balance at April 19, 2024	2,145
Conversions	(1,752)
Change in fair value	(37)
Balance at December 31, 2024	**$ 356**

	Warrant Liability
Balance at April 19, 2024	803
Change in fair value	(394)
Balance at December 31, 2024	**$ 409**

As the Convertible Note issued October 1, 2024 was paid out in four tranches, the Company grouped the first two tranches together and the last two trances together and conducted two valuations. The Company measures the convertible loan and private placement warrants using a Monte Carlo simulation valuation model using the following assumptions as of December 31, 2024:

October 1 and October 21 Tranches	Convertible Loan Note	Warrant Liability
Risk-free rate	4.40%	4.40%
Underlying stock price	$ 0.79	$ 0.79
Expected volatility	50%	50%
Term	0.8 years	5.3 years
Dividend yield	0%	0%

November 12 and December 5 Tranches	Convertible Loan Note	Warrant Liability
Risk-free rate	4.40%	4.40%
Underlying stock price	$ 0.79	$ 0.79
Expected volatility	50%	50%
Term	0.9 years	5.4 years
Dividend yield	0%	0%

The following table presents changes of the convertible note and private placement warrants issued October 2024 with significant unobservable inputs (Level 3) as of December 31, 2024, in thousands:

	Convertible Note
Balance at October 1, 2024	1,659
Cash payment	(250)
Conversions	(31)
Change in fair value	(32)
Balance at December 31, 2024	**$ 1,346**

	Warrant Liability
Balance at October 1, 2024	573
Change in fair value	(171)
Balance at December 31, 2024	**$ 402**

The fair values of these Level 3 liabilities are sensitive to unobservable inputs used in the Monte Carlo simulation valuation model, including discount rates, expected term, expected volatility, path dependency parameters and estimates of various payout outcomes. Changes to these inputs could result in significantly higher or lower fair value measurement.

Acquisition of LiiON LLC

On December 11, 2024, BESS LLC, a Delaware limited liability company and wholly owned subsidiary of the Company entered into an asset purchase agreement (the "APA") with LiiON LLC ("LiiON"), a U.S.-based expert in advanced energy storage solutions, and closed on the acquisition of certain assets related to LiiON's Battery Storage Business. The assets purchased included customer relationships, customer service agreements and intellectual property (IP). Also, in connection with the APA, the Company entered into an exclusive consulting agreement, with an initial term of 3 years, providing the Company with the right to receive consulting services of three key employees of the LiiON Battery Storage Business to assist with the transition and integration into the Company's business.

As consideration for the acquisition, the Company issued a non-interest bearing promissory note (the "Note") with a principal amount of $2,000,000 and having a fair value upon issuance of approximately $1,537,000 and 250,000 shares of the Company's restricted common stock with a fair value of $287,500.

The Company determined that the set of assets and activities acquired in connection with the APA and related agreements constitute a business subject to the guidance in ASC *805 Business Combinations.*

The total acquisition date fair value of consideration transferred (i.e., the "purchase price") of $1,824,500 was attributed to the following net assets (in thousands):

Net assets acquired (at fair values):		Useful Life
● Exclusive Consulting Agreement	$ 1,396	3 yrs
● Intellectual Property (IP)	$ 187	3 yrs
Total identifiable assets	$ 1,583	
● Goodwill	$ 241	Indefinite
Total identifiable intangibles and goodwill	$ 1,824	

The goodwill recognized arises primarily from the fair value of an assembled workforce in the form of an exclusive consulting arrangement for three key employees. This goodwill has been allocated to the Company's United States Operations segment.

The LiiON Battery Storage Business did not have a material effect on the Company's operations for the period from December 11, 2024 (i.e., the acquisition date) through December 31, 2024.

The following unaudited pro forma information presents the combined results of operations as if the acquisition had occurred on January 1, 2023 (in thousands):

	Year-ended December 31, 2024	Year-ended December 31, 2023
Revenue	$ 317	$ 3,731
Net Income	$ 20,236	$ (70,500)

6. Accounts Receivable

Accounts receivable relate to amounts due from customers for services that have been performed and invoices that have been sent. Unbilled energy incentives relate to Green Certificates from Romania that have been received for energy generated and delivered but not yet sold. This amount is offset against deferred income. On October 3, 2024, the Company sold its Romanian subsidiaries, reporting the unbilled energy incentives balance for the year ended December 31, 2023 as discontinued operations. See Footnote 19 for additional information. Accounts receivable consist of the following:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Accounts receivable	$ -	$ 3
Total	**$ -**	**$ 3**

The allowance for credit losses was $0 thousand and $7 thousand as of December 31, 2024 and 2023, respectively.

7. Prepaid Expenses and Other Current Assets

Prepaid and other current assets generally consist of amounts paid to vendors for services that have not yet been performed and consist of the following:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Prepaid expenses and other current assets	$ 131	$ 2,552
Other receivable	-	82
Total	**$ 131**	**$ 2,634**

8. Property and Equipment, Net

The components of property and equipment, net consist of the following:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Solar energy facilities	$ -	$ 5,134
Furniture and fixtures	-	48
Construction in progress	-	12,420
Total property and equipment	-	17,602
Less: Accumulated depreciation	-	(63)
Total	$ -	**$ 17,539**

All solar energy facilities and construction projects in progress as of December 31, 2023 were part of the sale of Alternus Energy Americas Inc. and its subsidiaries on November 5, 2024.

9. Capitalized development cost and other long-term assets

Capitalized development costs are amounts paid to vendors that are related to the purchase and construction of solar energy facilities. Long-term prepaid expenses and other receivables consist of amounts owed to the Company as well as amounts paid to vendors for services that have yet to be received by the Company. Capitalized development costs and other long-term assets consisted of the following:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Capitalized development costs	$ 4,775	$ 6,216
Long-term prepaid expenses	518	-
Other receivables	-	1,483
Total	**$ 5,293**	**$ 7,699**

Capitalized development cost relates to various projects that are under development for the period. As the Company closes either a purchase or development of new solar parks, these development costs are added to the final asset displayed in Property, and Equipment. If the Company does not close on the prospective project, these costs are written off to Development Cost on the Consolidated Statement Operations and Comprehensive Loss.

Capitalized development costs as of December 31, 2024 consisted of $1.2 million of active development in the United States and $3.6 million across Europe. Capitalized development costs as of December 31, 2023 consisted of $2.1 million of active development in the U.S and $4.1 million across Europe.

Long-term Prepaid Expenses consist of estimated income tax payments made by Clean Earth prior to the business combination in December 2023.

Other Receivables relates to a 2023 security deposit of $1.0 million in relation to the Power Purchase Agreement for a development project in Tennessee, which was included in the sale of Alternus Energy Americas and its subsidiaries to Alternus Energy Group Plc on November 5, 2024 (see Footnote 20 for further details). The remaining $ 483 thousand related to the Forward Purchase Agreement as of December 31, 2023. This was written down to $0 in 2024 due to the change in fair value of the FPA (see Footnote 5 for further details).

10. Accounts Payable

Accounts payable represents the amounts owed to suppliers of goods and services the Company has consumed through operations. Accounts payable consist of the following:

	Year Ended December 31, 2024	2023
	(in thousands)	
Accounts payable	$ 9,799	$ 3,590
Total	**$ 9,799**	**$ 3,590**

11. Deferred Income

Deferred income relates to income related to Green Certificates from Romania that have been received but not sold. Deferred income consists of the following (in thousands):

	Activity
Deferred income – Balance January 1, 2023	$ 4,954
Green certificates received	10,663
Green certificates sold	(10,169)
Foreign exchange gain/(loss)	159
Deferred income – Balance December 31, 2023	**$ 5,607**

On October 3, 2024, the Company sold its Romanian subsidiaries, reporting the deferred income balance for the year ended December 31, 2023 as discontinued operations. See Footnote 19 for additional information.

12. Accrued Liabilities

Accrued expenses relate to various accruals for the Company. Accrued interest represents the interest in debt not paid in the year ended December 31, 2024 and 2023. Accrued liabilities consist of the following:

	Year Ended December 31, 2024	2023
	(in thousands)	
Accrued legal	$ 500	$ 1,798
Accrued interest	553	3,482
Accrued financing cost	-	3,537
Accrued construction expense	-	2,134
Accrued transaction cost - business combination	-	1,527
Accrued audit fees	500	800
Accrued payroll	22	100
Accrued consulting fees	140	-
Accrued tax penalties	590	-
Other accrued expenses	66	1,664
Total	**$ 2,371**	**$ 15,042**

13. Taxes Recoverable and Payable

Taxes recoverable and payable consist of VAT taxes payable and receivable from various European governments through group transactions in these countries. Taxes recoverable consist of the following:

	Year Ended December 31, 2024	2023
	(in thousands)	
Taxes recoverable	$ 347	$ 444
Less: Taxes payable	(14)	(13)
Total	**$ 333**	**$ 431**

14. Convertible Debt and Non-convertible Promissory Notes

The following table reflects the total debt balances of the Company as December 31, 2024 and 2023:

	Year Ended December 31, 2024	2023
	(in thousands)	
Convertible debt, secured	$ 2,626	$ -
Senior Secured debt and promissory notes	27,718	32,312
Total debt	30,344	32,312
Less current maturities	(28,715)	(32,312)

Long term debt, net of current maturities	$	1,629	$	-
Current Maturities	$	28,715	$	32,312
Less current debt discount		(1,239)		(725)
Less net loss on issuance of convertible note & warrant		520		-
Less movement in fair value		(632)		-
Current Maturities net of debt discount	$	27,364	$	31,587
Long-term maturities	$	1,629	$	-
Less long-term debt discount		-		-
Long-term maturities net of debt discount	$	1,629	$	-

The Company incurred debt issuance costs of $1.2 million and $0.7 million during the year ended December 31, 2024 and 2023, respectively. Debt issuance costs are recorded as a debt discount and are amortized to interest expense over the life of the debt, upon the close of the related debt transaction, in the Consolidated Balance Sheet.

Interest expense stemming from amortization of debt discounts for continuing operations for the twelve-months ended December 31, 2024 and 2023 was $0.9 million and $2.4 million, respectively.

Interest expense stemming from amortization of debt discounts for discontinued operations for the twelve-months ended December 31, 2024 and 2023 was $0.2 million and $2.5 million, respectively.

Senior secured debt:

In May 2022, AEG MH02 entered into a loan agreement with a group of private lenders of approximately $10.8 million with an initial stated interest rate of 8% and a maturity date of May 31, 2023. In February 2023, the loan agreement was amended stating a new interest rate of 16% retroactive to the date of the first draw in June 2022. In May 2023, the loan was extended, and the interest rate was revised to 18% from June 1, 2023. In July 2023, the loan agreement was further extended to October 31, 2023. In November 2023, the loan agreement further extended to May 31, 2024. On December 31, 2024, the loan agreement was further extended to September 30, 2025 while also stating any accrued interest up to the date of the amendment was to be added to the principal loan balance. As a result of these amendments, $3.2 million of interest was recognized during the period ended December 31, 2024, and $5.9 million of accrued interest was added to the existing loan balance. The Company had principal outstanding of $16.0 million and $11.0 million as of December 31, 2024 and 2023, respectively.

In June 2022, Alt US 02, a subsidiary of Alternus Energy Americas, and indirect wholly owned subsidiary of the Company, entered into an agreement as part of the transaction with Lightwave Renewables, LLC to acquire rights to develop a solar park in Tennessee. The Company entered into a construction promissory note of $5.9 million with a variable interest rate of prime plus 2.25% and an original maturity date of June 29, 2023. On January 26, 2024, the loan was extended to June 29, 2024 due to logistical issues that caused construction delays. On October 11, 2024, management renegotiated the terms with the lender to extend the maturity date to March 29, 2025. On November 5, 2024, the Company sold Alternus Energy Americas and its subsidiaries to Alternus Energy Group plc, a related party. Refer to Footnote 20 for further details. The Company had principal outstanding of $0.0 million and $4.3 million as of November 5, 2024 and December 31, 2023, respectively.

On February 28, 2023, Alt US 03, a subsidiary of Alternus Energy Americas, and indirect wholly owned subsidiary of the Company, entered into an agreement as part of the transaction to acquire rights to develop a solar park in Tennessee. Alt US 03 entered into a construction promissory note of $920 thousand with a variable interest rate of prime plus 2.25% and due May 31, 2024. On July 2, 2024, management renegotiated the terms with the lender to a revised interest rate of 11% and extended the maturity date to November 30, 2024. On November 5, 2024, the Company sold Alternus Energy Americas and its subsidiaries, including Alt US 03, to Alternus Energy Group plc, a related party. Refer to Footnote 20 for further details. As a result of the sale, Alternus Energy Group plc assumed the liability for the loan, as the original guarantor, and the Company had no further obligation under the note. This note had a principal outstanding balance of $0 thousand and $717 thousand as of December 31, 2024 and 2023, respectively.

In July 2023, one of the Company's US subsidiaries acquired a 32 MWp solar PV project in Tennessee for $2.4 million financed through a bank loan having a six-month term, 24% APY, and an extended maturity date of February 29, 2024. On July 3, 2024, management renegotiated the terms with the lender to extend the maturity date to October 1, 2024. On November 5, 2024, the Company sold Alternus Energy Americas and its subsidiaries, including this project, to Alternus Energy Group plc, a related party. Refer to Footnote 20 for further details. As a result of the sale, Alternus Energy Group plc assumed the liability for the loan, as the original guarantor, and the Company had no further obligation under the loan. The Company had a principal outstanding balance of $0.0 million and $2.7 million as of December 31, 2024 and 2023, respectively.

In July 2023, Alt Spain Holdco, one of the Company's Spanish subsidiaries acquired the project rights for a 32 MWp portfolio of Solar PV projects in Valencia, Spain, with an initial payment of $1.9 million, financed through a €3.0 million ($3.3 million) bank facility having a six-month term and accruing 'Six Month Euribor' plus 2% margin. On January 24, 2024, the maturity date was extended to July 28, 2024. On July 28, 2024, the loan was further extended to January 28, 2025 and the principal amount was reduced to €2.6 million ($2.8 million) from cash on hand. This note had a principal outstanding balance of $2.7 million and $3.3 million as of December 31, 2024 and 2023, respectively.

In October 2023, Alternus Energy Americas, one of the Company's US subsidiaries secured a working capital loan in the amount of $ 3.2 million with a 0% interest until a specified date and a maturity date of March 31, 2024. In February 2024, the loan was further extended to February 28, 2025, and the principal amount was increased to $3.6 million as compensation for the extension. The compensation was charged as interest costs in the Consolidated Statement of Operations and Other Comprehensive Income/(Loss) during the period. Additionally, on February 5, 2024, the Company issued the noteholder warrants to purchase up to 90,000 shares of restricted common stock, exercisable at $0.01 per share having a 5-year term and fair value of $86 thousand. In March 2024, The Company repaid $1.8 million in cash against the principal. Subsequently, on November 5, 2024, the Company sold Alternus Energy Americas to Alternus Energy Group plc, a related party. Refer to Footnote 20 for further details. Prior to the transaction, Alternus Energy Americas assigned this note to the Company directly. The Company had a principal outstanding balance of $1.8 million and $3.2 million as of December 31, 2024 and 2023 respectively.

In December 2023, Alt US 07, one of the Company's US subsidiaries acquired the project rights to a 14 MWp solar PV project in Alabama for $ 1.1 million financed through a bank loan having a six-month term, 24% APY, and a maturity date of May 28, 2024. On July 3, 2024, management renegotiated the terms with the lender to extend the maturity date to October 1, 2024.. On November 5, 2024, the Company sold Alternus Energy Americas and its subsidiaries, including Alt US 07, to Alternus Energy Group plc, a related party. Refer to Footnote 20 for further details. As a result of the sale, Alternus Energy Group plc assumed the liability for the loan, as the original guarantor, and the Company had no further obligation under the loan. The Company had a principal outstanding balance of $0.0 and $1.1 million as of December 31, 2024 and 2023, respectively.

In December 2023, the Company assumed an existing loan to the Sponsors of Clean Earth with a balance of $1.6 million with a 0% interest rate until perpetuity as part of the Business Combination with Clean Earth. The Company had a principal outstanding balance of $1.6 million as of December 31, 2023.

Convertible Promissory Notes:

For the year ended December 31, 2023, 9,000 shares of Common Stock were issued at Closing to the Sponsor of Clean Earth to settle promissory notes of $1.6 million. The note has a 0% interest rate until perpetuity. The shares were issued at the closing price of $125 per share for $1.1 million. The difference of $0.5 million was recognized as an addition to Additional Paid in Capital. Management determined the extinguishment of this note is the result of a Troubled Debt Restructuring.

In January 2024, the Company assumed a convertible promissory note in the amount of €850 thousand ($938 thousand) with a 10% interest maturing in March 2025 as part of the Business Combination that was completed in December 2023. On January 3, 2024, the noteholder converted all of the principal and accrued interest owed under the note, equal to $1.0 million, into 52,800 shares of restricted common stock.

In April 2024, the Company issued to an institutional investor a senior convertible note in the principal amount of $2,160,000, issued with an 8.0% original issue discount, and a warrant to purchase up to 96,444 shares of the Company's common stock at an exercise price of $12 per share. This warrant was adjusted on November 12, 2024 to purchase up to 455,966 shares exercisable at $1.50 per share. This warrant was again adjusted on December 5, 2024 to purchase up to 1,155,600 shares exercisable at $1.00 per share. Maxim Group LLC ("Maxim") acted as placement agent for the Convertible Note issuance and also received a warrant to purchase 9,644 shares of common stock with an exercise price of $14.25 per share and which expires on July 31, 2027, for their role as placement agent. The Company also paid Maxim a cash placement agency fee of $140,000 and reimbursed certain out of pocket fees up to $50,000. The Company received gross proceeds of $2,000,000, before fees and other expenses associated with the transaction. The Convertible Note matures on April 20, 2025 (unless accelerated due to an event of default or accelerated up to six installments by the Investor), bears interest at a rate of 7% per annum, which shall automatically be increased to 12.0% per annum in the event of default, and ranks senior to the Company's existing and future unsecured indebtedness. The Convertible Note is convertible in whole or in part at the option of the Investor into shares of Common Stock (the "Conversion Shares") at the Conversion Price (as defined below) at any time following the date of issuance of the Convertible Note. The Convertible Note is payable monthly on each Installment Date (as defined in the Convertible Note) commencing on the earlier of July 18, 2024 and the effective date of the initial registration statement required to be filed pursuant to the Registration Rights Agreement (as defined below) in an amount equal the sum of (A) the lesser of (x) $216,000 and (y) the outstanding principal amount of the Convertible Note, (B) interest due and payable under the Convertible Note and (C) other amounts specified in the Convertible Note (such sum being the "Installment Amount"); provided, however, if on any Installment Date, no failure to meet the Equity Conditions (as defined in the Convertible Note) exits pursuant to the Convertible Note, the Company may pay all or a portion of the Installment Amount with shares of its common stock. The portion of the Installment Amount paid with common stock shall be based on the Installment Conversion Price. "Installment Conversion Price" means the lower of (i) the Conversion Price (defined below) and (ii) the greater of (x) 92% of the average of the two (2) lowest daily VWAPs (as defined in the Convertible Note) in the ten (10) trading days immediately prior to each conversion date and (y) $1.75. "Equity Conditions Failure" means that on any day during the period commencing twenty (20) trading days prior to the applicable Installment Notice Date or Interest Date (each as defined in the Convertible Note) through the later of the applicable Installment Date or Interest Date and the date on which the applicable shares of Common Stock are actually delivered to the Holder, the Equity Conditions have not been satisfied (or waived in writing by the Holder). The Convertible Note is convertible, at the option of the Investor, at any time, into such number of shares of Common Stock of the Company equal to the principal amount of the Convertible Note plus all accrued and unpaid interest at a conversion price equal to $0.48 (the "Conversion Price"). The Conversion Price is subject to full ratchet antidilution protection, subject to a floor conversion price of $1.75 per share. The Convertible Note may not be converted and shares of Common Stock may not be issued under the Convertible Note if, after giving effect to the conversion or issuance, the Investor together with its affiliates would beneficially own in excess of 4.99% (or, upon election of the Investor, 9.99%) of the outstanding Common Stock. In addition to the beneficial ownership limitations in the Convertible Note, the sum of the number of shares of Common Stock that may be issued under that certain Purchase Agreement (including the Convertible Note and Warrant and Common Stock issued thereunder) is limited to 19.99% of the outstanding Common Stock as of April 19, 2024 (the "Exchange Cap", which is equal to 640,293 shares of Common Stock, subject to adjustment as described in the Purchase Agreement), unless shareholder approval (as defined in the Purchase Agreement) ("Stockholder Approval") is obtained by the Company to issue more than the Exchange Cap. The Exchange Cap shall be appropriately adjusted for any reorganization, recapitalization, non-cash dividend, stock split, reverse stock split or other similar transaction. On September 26, 2024 the Company's shareholders approved the potential issuance of shares by the Company of more than the Exchange Cap. The Company adopted ASU 2020-06 as of January 1, 2023. This ASU removes the concepts of a beneficial conversion feature and cash conversion feature from the ASC guidance. The Company recorded a loss on debt issuance of $0.9 million. As of December 31, 2024, the outstanding principal was $0.4 million with fair value of $0.7 million at that date. The Company also recorded a $1.3 million gain on movement in fair value in the year ended December 31, 2024.

As of December 31, 2024, $1,877,323 worth of this note (including principal plus accrued interest and late fees and penalties) had been converted into 1,026,256 shares leaving $0.4 million of the note principal outstanding.

On October 1, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), by and between the Company and an institutional investor (the "Investor"), pursuant to which the Company agreed to issue to the Investor a series of senior convertible notes up to an aggregate principal amount of $2,500,000, issued with a twelve percent (12.0%) original issue discount (each a "Convertible Note" and together, the "Convertible Notes"), and warrants (each a "Warrant" and together the "Warrants") to purchase shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), equal to 50% of the face value of the Convertible Note divided by the volume weighted average price, at an exercise price of $2.00 per share (the "Exercise Price"). Pursuant to the Purchase Agreement, with the closing of the initial tranche of the Convertible Note and Warrant, the Company issued a Warrant to purchase up to 212,784 shares of Common Stock and the Company received gross proceeds of $700,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted so that as of November 12, 2024 it is adjusted to purchase up to 283,714 shares exercisable at $1.50 per share. This warrant was again adjusted on December 5, 2024 to purchase up to 425,571 shares exercisable at $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 21,278 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after April 1, 2025 and will expire on December 19, 2027.

The Convertible Note matures on October 1, 2025 (unless accelerated due to an event of default, or accelerated up to six installments by the Investor), bears interest at a rate of seven percent (7%) per annum, which shall automatically be increased to eighteen percent (18.0%) per annum in the event of default and, other than the First Convertible Note, ranks senior to the Company's existing and future unsecured indebtedness. The Convertible Note is convertible in whole or in part at the option of the Investor into shares of Common Stock (the "Conversion Shares") at the Conversion Price (as defined below) at any time following the date of issuance of the Convertible Note. The Convertible Note is payable monthly on each Installment Date (as defined in the Convertible Note) commencing on the earlier of December 1, 2024 and the effective date of the initial registration statement required to be filed pursuant to the Registration Rights Agreement (as defined below) in an amount equal the sum of (A) the lesser of (x) $79,545 and (y) the outstanding principal amount of the Convertible Note, (B) interest due and payable under the Convertible Note and (C) other amounts specified in the Convertible Note (such sum being the "Installment Amount"); provided, however, if on any Installment Date, no failure to meet the Equity Conditions (as defined in the Convertible Note) exits pursuant to the Convertible Note, the Company may pay all or a portion of the Installment Amount with shares of its common stock. The portion of the Installment Amount paid with common stock shall be based on the Installment Conversion Price. "Installment Conversion Price" means the lower of (i) the Conversion Price (defined below) and (ii) the greater of (x) 92% of the average of the two (2) lowest daily VWAPs (as defined in the Convertible Note) in the ten (10) trading days immediately prior to each conversion date and (y) $0.75. "Equity Conditions Failure" means that on any day during the period commencing twenty (20) trading days prior to the applicable Installment Notice Date or Interest Date (each as defined in the Convertible Note) through the later of the applicable Installment Date or Interest Date and the date on which the applicable shares of Common Stock are actually delivered to the Holder, the Equity Conditions have not been satisfied (or waived in writing by the Holder).

On October 21, 2024, pursuant to the Purchase Agreement, the closing of the second tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 162,628 shares of Common Stock exercisable at $2.00 per share and the Company received gross proceeds of $535,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted on November 12, 2024 to purchase up to 216,838 shares at an exercise price of $1.50 per share. This warrant was adjusted again on December 5, 2024 to purchase up to 325,257 shares at an exercise price of $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 16,263 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after April 21, 2025 and will expire on December 19, 2027.

On November 12, 2024, pursuant to the Purchase Agreement, the closing of the third tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 303,978 shares of Common Stock exercisable at $1.50 per share and the Company received gross proceeds of $750,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted on December 5, 2024 to purchase up to 455,967 shares at an exercise price of $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 22,799 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after May 12, 2025 and will expire on December 19, 2027.

On December 5, 2024, pursuant to the Purchase Agreement, the closing of the fourth and final tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 130,710 shares of Common Stock exercisable at $1.00 per shares and the Company received gross proceeds of $214,999 before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. In conjunction with the transaction, the Company issued warrants for the purchase of 6,536 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after June 5, 2025 and will expire on December 19, 2027.

As of December 31, 2024, the outstanding principal was $2.2 million with fair value of $0.3 million gain at that date. The Company also recorded a $0.7 million loss on movement in fair value in the yead ended December 31, 2024.

As of December 31, 2024, $34,146 worth of this note (including principal plus accrued interest and late fees and penalties) had been converted into 45,429 shares and a $250,000 payment was made towards the principal balance leaving $2.2 million of the note principal outstanding.

On December 4, 2024, the Company entered into a Note Purchase Agreement (the "Purchase Agreement") with Secure Net Capital LLC ("Secure Net"), pursuant to which the Company issued a 20% Original Issue Discount promissory convertible note (the "2024 Note") with a maturity date in April 2025, in the principal sum of $1,250,000. Pursuant to the terms of the 2024 Note, the Company agreed to pay to Secure Net the entire principal amount on the Maturity Date, failing which and certain events of default (as described in the 2024 Note), the 20% Original Issue Discount shall increase to 30% Original Issue Discount. The Purchase Agreement resulted in net proceeds of $1,000,000 to the Company. The 2024 Note, issued pursuant to the Purchase Agreement, is convertible at the option of the Holder at any time after the Maturity Date, including with registration rights, at a conversion price per share equal to ninety percent (90%) of the Company's common stock's VWAP (which is the the three (3) Trading Days immediately prior to such Conversion Date (or the nearest preceding date)) as of the date of such conversion (the "Conversion Date").

Other Debt:

In January 2021, the Company approved the issuance by one of its subsidiaries, Solis, of a series of 3-year senior secured green bonds in the maximum amount of $242.0 million (€200.0 million) with a stated coupon rate of 6.5% + EURIBOR and quarterly interest payments. The bond agreement is for repaying existing facilities of approximately $40.0 million (€33 million), and funding acquisitions of approximately $87.2 million (€72.0 million). The bonds are secured by the Solis Bond Company's underlying assets. The Company raised approximately $125.0 million (€110.0 million) in the initial funding. In November 2021, Solis Bond Company DAC, completed an additional issue of $24.0 million (€20.0 million). The additional issue was completed at an issue price of 102% of par value, corresponding to a yield of 5.5%. The Company raised $11.1 million (€10.0 million) in March 2022 at 97% for an effective yield of 9.5%. In connection with the bond agreement the Company incurred approximately $11.8 million in debt issuance costs. The Company recorded these as a discount on the debt and they are being amortized as interest expense over the contractual period of the bond agreement. As of December 31, 2022 and 2021, there was $149.5 million and $147.2 million outstanding on the Bond, respectively. As of December 31, 2023 and 2022 there was $166.1 million and $149.4 million outstanding on the Bond, respectively.

As of December 31, 2022, the Company's wholly owned subsidiary, Solis Bond Company DAC, was in breach of the three financial covenants under Solis' Bond terms: (i) the minimum Liquidity Covenant that requires the higher of €5.5 million or 5% of the outstanding Nominal Amount, (ii) the minimum Equity Ratio covenant of 25%, and (iii) the Leverage Ratio of NIBD/EBITDA to not be higher than 6.5 times for the year ended December 2021, 6.0 times for the year ended December 31, 2022 and 5.5 times for the period ending on the maturity date of the Bond, January 6, 2024. The Solis Bond carries a 3 months EURIBOR plus 6.5% per annum interest rate, and has quarterly interest payments, with a bullet payment to be paid on January 6, 2024. The Solis Bond is senior secured through a first priority pledge on the shares of Solis and its subsidiaries, a parent guarantee from Alternus Energy Group Plc, and a first priority assignment over any intercompany loans.

In April 2023 the bond holders approved a temporary waiver and an amendment to the bond terms to allow for a change of control in Solis (which allows for the transfer of Solis and its subsidiaries underneath Clean Earth Acquisitions Corp. on Closing). In addition, bondholders received a preference share in an Alternus Midco, which will hold certain development projects in Spain and Italy. The shares will have preference on any distribution from Midco to Alternus up to € 10.0 million, and Midco will divest assets to ensure repayment of the €10.0 million should the bonds not have been fully repaid at maturity (January 6, 2024). Finally, bondholders will receive a 1% amendment fee, which equates to €1.4 million.

On June 5, 2023, the bondholders approved an extension to the waiver to September 30, 2023 and the bond trustee was granted certain additional information rights and the right to appoint half of the members of the board of directors of Solis, in addition to the members of the board appointed by Alternus. Under the waiver agreement, as extended, Solis must fully repay the Solid Bond by September 30, 2023. If Solis is unable to fully repay the Solis Bond by September 30, 2023, Solis' bondholders have the right to immediately transfer ownership of Solis and all of its subsidiaries to the bondholders and proceed to sell Solis' assets to recoup the full amount owed to the bondholders, which as of September 30, 2023 is currently €150,000,000 (approximately $159,000,000). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of Alternus' operating assets and related revenues and EBIDTA would be eliminated.

On October 16, 2023, bondholders approved to further extend the temporary waiver to December 16, 2023. As such, the Solis bond debt was recorded as short-term debt and included in current discontinued liabilities for the year ended December 31, 2023. In consideration for the extension the Company agreed to repay the bonds at 107.5 of par value. This incremental par value amount of $11.1 million is recognized as the "Solis bond waiver fee" under Discontinued Operations on the Company's Statement of Operations and Comprehensive Income/(Loss) and is an increase to the Current Discontinued Liabilities Held for Sale on the Company's Consolidated Balance Sheet. This was a non-cash transaction that resulted in an increase to the Company's debt balance, and is treated as reconciling item to Net Loss on the Company's Consolidated Statement of Cash Flows.

On December 18, 2023, a representative group of the bondholders approved an extension of the temporary waivers and the maturity date of the Solis Bonds until January 31, 2024, with the right to further extend to February 29, 2024 at the Solis Bond trustee's discretion, which was subsequently approved by a majority of the bondholders on January 3, 2024.

On December 28, 2023, Solis sold 100% of the share capital in its Italian subsidiaries for approximately €15.8 million (approximately $17.3 million).

On January 18, 2024, Solis sold 100% of the share capital in its Polish subsidiaries for approximately €54.4 million (approximately $59.1 million), and on February 21, 2024, Solis sold 100% of the share capital of its Netherlands subsidiary for approximately €6.5 million (approximately $7 million). The proceeds from the sale of these parks were used to pay the €59,100,000 million (approximately $68.5 million) of amounts outstanding under the bonds.

For the year ended December 31, 2023, management determined the amendments for the Bond represented a troubled debt restructuring under ASC 470-60. The result of the amendments noted above was an $11.2 million expense recorded as Solis Bond Waiver Fee under Discontinued Operations on the Consolidated Statement of Operations and Comprehensive Income/(Loss).

On October 3, 2024, because Solis was unable to fully repay the Solis Bonds, the Company sold Solis and its subsidiaries in Romania to Solis Trustee Special Vehicle Limited, the Solis Bondholders' ownership vehicle, for €1 in accordance with the terms of the Solis Bonds, as amended. As a result of the sale, the Company eliminated approximately $115 million in debt and payables related to Solis activities and improved shareholders equity by approximately $59 million. Solis accounted for 98% of group revenues for the nine months ended September 30, 2024. Solis bondholders continue to hold a preference share in an Alternus holding company which holds certain development projects in Spain and Italy. The preference share gives the bondholders the right on any distributions up to €10 million, and such assets will be divested to ensure repayment of up to €10 million should it not be fully repaid.

On March 21, 2024, ALCE, SPAC Sponsor Capital Access ("SCAF"), and the Sponsor of Clean Earth ("CLIN") agreed to a settlement of a $ 1.4 million note assumed by ALCE as part of the Business Combination that was completed in December 2023. The note had a maturity date of whenever CLIN closes its Business Combination Agreement and accrued interest of 25%. ALCE issued 9,000 shares to SCAF in March 21, 2024 and a payment plan of the rest of the outstanding balance was agreed to with payments to commence on July 15, 2024. The closing stock price of the Company was $11.75 on the date of issuance.

On December 11, 2024, BESS LLC, a wholly owned subsidiary of the Company, issued a non-interest-bearing promissory note with a principal amount of $2,000,000 as partial consideration in the Asset Purchase Agreement for the acquisition of LiiON LLC's battery storage business (see Footnote 5). The note was issued with a maturity date of December 31, 2027. Pursuant to the requirements of ASC 805, the Note was originally recorded at its fair value of $1,537,000 (see Footnote 5) and included as partial consideration for the net assets acquired in the acquisition.

On December 30, 2024, one of the Company's subsidiaries, Alternus Europe Ltd, assumed a € 1,000,000 ($1,041,720) promissory note from a subsidiary of AEG, Alternus FundCo Ltd, with a 120% repayment premium plus 10% accrued interest maturing July 31, 2025. Additionally, the Company assumed multiple promissory notes totaling $ 1,052,500 million from AEG maturing June 30, 2025.

On December 31, 2024, the Company terminated their agreement with Meteora Capital LLC by issuing a $500,000 promissory note with a 10% annual interest rate maturing January 31, 2026. This was offset to debt issuance costs (Interest Expense) on the Consolidated Statement of Operations and Comprehensive Income/(Loss).

On December 21, 2022, Alternus Clean Energy's wholly owned Irish subsidiaries, AEG JD 01 LTD and AEG MH 03 LTD entered in a financing facility with Deutsche Bank AG ("Lender"). This is a committed revolving debt financing of €80,000,000 to finance eligible project costs for the acquisition, construction, and operation of installation/ready to build solar PV plants across Europe, including the capacity for the financing to be upsized via a €420,000,000 uncommitted accordion facility to finance a pipeline of further projects across Europe with a total combined capacity of 600 MWp (the "Warehouse Facility"). The Warehouse Facility, which matures on the third anniversary of the closing date of the Credit Agreement (the "Maturity Date"), bears interest at Euribor plus an aggregate margin at a market rate for such facilities, which steps down by 0.5% once the underlying non-Euro costs financed reduces below 33.33% of the overall costs financed. The Warehouse Facility is not currently drawn upon, but a total of approximately €1,800,000 in arrangement and commitment fees is currently owed to the Lender. Once drawn, the Warehouse Facility capitalizes interest payments until projects reach their commercial operations dates through to the Maturity Date; it also provides for mandatory prepayments in certain situations.

15. Leases

The Company determines if an arrangement is a lease or contains a lease at inception or acquisition when the Company acquires a new park. The Company has operating leases for corporate offices and land with remaining lease terms of 3 to 31 years.

Operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As most of the Company's leases do not provide an implicit rate, the Company estimates its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. Lease expense related to the net present value of payments is recognized on a straight-line basis over the lease term.

The key components of the company's operating leases were as follows (in thousands):

	December 31, 2024	December 31, 2023
Operating Lease - Operating Cash Flows (Fixed Payments)	-	142
Operating Lease - Operating Cash Flows (Liability Reduction)	43	83
New ROU Assets - Operating Leases	-	409
Weighted Average Lease Term - Operating Leases (years)	34.05	20.32
Weighted Average Discount Rate - Operating Leases	9.3%	8.20%

The Company's operating leases generally relate to the rent of office building space, as well as land and rooftops upon which the Company's solar parks are built. These leases include those that have been assumed in connection with the Company's asset acquisitions and business combinations. The Company's leases are for varying terms and expire between 2027 and 2055.

In October 2023, the Company entered a new lease for land in Madrid, Spain where solar parks are planned to be built. The lease term is 35 years with an estimated annual cost of $32 thousand. The Company impaired the asset as of December 31, 2024, but there was no impairment on the lease due to the Company still owning the lease obligation as of year end.

Maturities of lease liabilities as of December 31, 2024 were as follows:

	(in thousands)
Five-year lease schedule:	
2025	$ 34

2026	35
2027	36
2028	37
Thereafter	1,876
Total lease payments	2,018
Less imputed interest	(1,583)
Total	$ 435

On November 5, 2024, the Company sold Alternus Energy Americas Inc. back to AEG. The United States office lease was part of the deconsolidation, with $ 126 thousand incurred as lease expense before that date. Refer to Footnote 20 for more details.

The Company had no finance leases as of December 31, 2024 and 2023.

16. Commitments and Contingencies

Litigation

The Company recognizes a liability for loss contingencies when it believes it is probable a liability has occurred, and the amount can be reasonably estimated. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, the Company accrues that amount. When no amount within the range is a better estimate than any other amount, the Company accrues the minimum amount in the range. The Company has established an accrual for those legal proceedings and regulatory matters for which a loss is both probable and the amount can be reasonably estimated.

On October 15, 2024 Sunrise Development LLC ("Sunrise") requested a hearing be scheduled in binding arbitration against the Company, two of its former indirect wholly owned subsidiaries, ALT US 03 and ALT US 04, and a related party, Alternus Energy Group PLC ("AEG"), to be conducted in Minneapolis, MN in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), claiming that approximately $ 5 million is due and owed to Sunrise pursuant to a settlement agreement by and among the parties, plus costs, expenses, legal fees and interest. On or about February 6, 2025, the Company entered into a second set of settlement terms with Sunrise, pursuant to which the Company agreed to make certain monthly payments to Sunrise, related to amounts allegedly owed by one of the Company's former subsidiaries pursuant to a share purchase agreement, and in exchange Sunrise dismissed its arbitration case against the Company. As of March 10, 2025, the Company breached its payment obligations under the settlement terms. As a result, upon breach in March 2025, Sunrise alleges that approximately $5.7 million is immediately due and payable by the Company to Sunrise. Sunrise has commenced proceedings to file a stipulation with the arbitrator, under which the arbitration award would be entered against the Company. The Company is defending itself in this matter, claiming that a portion of this amount has already been repaid. The Company has accrued a liability for this loss contingency in the amount of approximately $5 million, which represents the contractual amount allegedly owed. It is reasonably possible that the potential loss may exceed our accrued liability due to costs, expenses, legal fees, and interest that are also alleged by Sunrise as owed, but at the time of filing this report, we are unable to determine an estimate of that possible additional loss in excess of the amount accrued.

On March 11, 2025, the Company was served a complaint filed in the Superior Court of the State of Delaware by SPAC Sponsor Capital Access ("SCAF") , claiming that approximately $1.5 million is due and owed to SCAF pursuant to a settlement agreement by and among the parties, plus costs, expenses, legal fees, interest and damages, if proven. The Company has accrued a liability for this loss contingency in the amount of approximately $1.5 million, which represents the contractual amount allegedly owed. It is reasonably possible that the potential loss may exceed our accrued liability due to costs, expenses, legal fees, interest and damages that are also alleged by SCAF as owed, but at the time of filing this report, we are unable to determine an estimate of that possible additional loss in excess of the amount accrued. The parties are currently in further settlement discussions.

On May 8, 2025, the Company, Alternus Energy Group PLC (AEG) and one of AEG's subsidiaries, Alternus Energy Americas Inc. (AEA), was served a Demand for Arbitration through JAMS in Washington DC by Orrick, Herrington and Sutcliffe LLP ("Orrick"), claiming that approximately $1 million is due and owed to Orrick pursuant to an engagement agreement entered into with AEA, plus interest. The Company intends to vigorously defend itself in this matter and has filed a motion to dismiss itself from the arbitration as the Company was not a party to this engagement agreement nor is AEA a subsidiary of the Company.

Commitments

On October 14, 2024, the Company entered into a settlement agreement and release with Morgan Franklin Consulting LLC ("MF") related to the settlement of payments owed to MF for services rendered in the total amount of $276,796 through twelve equal monthly installments commencing in October of 2024. As of December 31, 2024 and the date of this Report, the Company has not made any of these payments and is currently in default.

Contingencies

On August 7, 2024, the Company entered into a 'Heads of Terms' (i.e., similar to a Letter of Intent) for Joint "Agreement") with Hover Energy LLC and its affiliates ("Hover") to establish a joint venture (the "JV") for the financing, development, management, and operation of 'Microgrid Projects' utilizing Hover Wind-Powered Microgrid™ technology, as required. Pursuant to the said JV, the Company and Hover have agreed to have a 51% interest and a 49% interest in the JV, for which the Company has issued 200,000 shares of restricted common stock to Hover valued at $10.00 per share and will issue and commit 140,000 additional shares of restricted common stock, and Hover will contribute 100% of its projects and project pipeline. As of December 31, 2024 the JV had not yet closed and the parties continue to operate under a strategic alliance agreement entered into on October 31, 2023.

On October 31, 2024, the Company and Hover entered into an amendment to their strategic alliance agreement, whereby the Company will provide up to an additional $1,800,000 in development fees to Hover as and when development services are performed by Hover for specific Microgrid Projects. As of March 31, 2025, services had been performed by Hover for specific Microgrid Projects agreed upon by the Company and $1,750,000 is due to Hover.

CFGI LP and the Company entered into a settlement agreement for a contractual amount owed for services rendered in the amount of $358,000, whereby the Company shall pay CFGI approximately $10,000 per month commencing June 2, 2025 for a period of three years.

17. Asset Retirement Obligations

The Company's AROs mostly relate to the retirement of solar park land or buildings. The discount rate used to estimate the present value of the expected future cash flows for the year ended December 31, 2023 was 7.5%. On October 3, 2024, the Company sold its Romanian subsidiaries, reporting the asset retirement obligations balance for the year ended December 31, 2023 as discontinued operations. See Footnote 19 for additional information.

		Activity
ARO Liability - Balance January 1, 2023	$	397
Additional obligations incurred		-
Disposals		(235)
Accretion expense		24
Foreign exchange gain/(loss)		11
ARO Liability – December 31, 2023	$	197

18. Development Cost

The Company depends heavily on government policies that support our business and enhance the economic feasibility of developing and operating solar energy projects in regions in which we operate or plan to develop and operate renewable energy facilities. The Company can decide to abandon a project if it becomes uneconomic due to various factors, for example, a change in market conditions leading to higher costs of construction, lower energy rates, political factors or otherwise where governments from time to time may review their laws and policies that support renewable energy and consider actions that would make the laws and policies less conducive to the development and operation of renewable energy facilities, or other factors that change the expected returns on the project. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy or the imposition of additional taxes or other assessments on renewable energy could result in, among other items, the lack of a satisfactory market for the development and/or financing of new renewable energy projects, our abandoning the development of renewable energy projects, a loss of our investments in the projects, and reduced project returns, any of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Development costs related to abandoned projects for the year ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31			
	2024		2023	
	(in thousands)			
Miscellaneous Spanish costs	$	(314)	$	-
Miscellaneous United States costs		(434)		(163)
Miscellaneous Irish costs		-		(635)
Total	**$**	**(748)**	**$**	**(798)**

Miscellaneous development cost relates to cost associated with projects abandoned during various phases, due to lack of technical, legal, or financial feasibility.

19. Discontinued Operations

In July 2023, the Company engaged multiple parties to market the Polish and Netherlands assets to potential buyers. In the fourth quarter of 2023, the Company decided to proceed with the sales of the six PV parks in Poland and one park in the Netherlands. As the exit of these two markets represented a strategic shift for the Company, the assets were classified as discontinued operations in accordance with ASC 205-20. As of December 31, 2023, the Polish and Netherlands assets were classified as disposal groups held for sale. The balances and results of the Polish and Netherlands disposal groups are presented below.

The sale of the Polish assets was finalized January 19, 2024 with a cash consideration of $59.4 million for all operating assets. In accordance with ASC 360, the company removed the disposal group and recognized a gain of $3.4 million upon the sale, of which $0.8 million were costs associated with the sale.

The sale of the Netherlands assets was finalized February 21, 2024 with a cash consideration of $7.1 million for all operating assets. In accordance with ASC 360, the company removed the disposal group and recognized a loss of $1.3 million upon the sale, of which $0.5 million were costs associated with the sale.

Poland	As of January 19 2024		As of December 31 2023	
	(in thousands)			
Assets:				
Cash & cash equivalents	$	630	$	630
Other current assets		442		443
Property, plant, and equipment, net		63,107		63,107
Operating leases, non-current - assets		5,923		5,923
Total discontinued operations assets	$	70,102	$	70,103
Liabilities:				
Accounts payable	$	2,933	$	2,935
Operating leases, current – liabilities		281		281
Other current liabilities		25		1,549
Operating leases, non-current - liabilities		5,798		5,798
Other non-current liabilities		985		985
Total discontinued operations liabilities	$	10,022	$	11,548
Net assets/(liabilities) of discontinued operations	**$**	**60,080**	**$**	**58,555**

Poland	Year Ended December 31,			
	2024		2023	
	(in thousands)			
Revenues	$	106	$	7,593
Operating Expenses				
Cost of revenues		(101)		(3,768)
Depreciation, amortization, and accretion		(123)		(2,563)

Gain/(loss on disposal of asset)	3,484	(130)
Total operating expenses	3,260	(6,461)
Income from discontinued operations	3,366	1,132
Other income/(expense):		
Impairment loss recognized on the remeasurement to fair value less costs to sell	-	(11,766)
Interest expense	(688)	(5,650)
Other expense	-	(157)
Total other expenses	$ (688)	$ (17,573)
Income/(Loss) before provision for income taxes	$ 2,678	(16,441)
Income taxes	-	-
Net income/(loss) from discontinued operations	**$ 2,678**	**$ (16,441)**

Immediately before the classification of the disposal groups as discontinued operations, the recoverable amount was estimated for certain items of property, plant, and equipment and impairment loss was identified. Following the classification, a write-down of ($11.8) million was recognized on December 31, 2023 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognized in discontinued operations in the statement of profit or loss. Fair value measurement disclosures are provided in Footnote 5.

Netherlands	**As of February 21, 2024**	**As of December 31 2023**
	(in thousands)	
Assets:		
Cash & cash equivalents	$ 75	$ 155
Accounts receivable, net	-	99
Other current assets	178	58
Property, plant, and equipment, net	7,669	7,845
Operating leases, non-current – assets	1,441	1,469
Other non-current assets	1,192	1,214
Total discontinued operations assets	$ 10,555	$ 10,840
Liabilities:		
Accounts payable	$ 945	$ 925
Operating leases, current – liabilities	55	55
Other current liabilities	95	430
Operating leases, non-current – liabilities	1,273	1,301
Total discontinued operations liabilities	$ 2,368	$ 2,711
Net assets/(liabilities) of discontinued operations	**$ 8,187**	**$ 8,129**

Netherlands	**Year Ended December 31, 2024**	**2023**
	(in thousands)	
Revenues	$ 16	$ 2,840
Operating Expenses		
Cost of revenues	(115)	(450)
Depreciation, amortization, and accretion	(57)	(400)
Loss on disposal of asset	(1,187)	(7)
Total operating expenses	(1,359)	(857)
Income from discontinued operations	(1,343)	1,983
Other income/(expense):		
Interest expense	(113)	(1,131)
Other expense	-	(62)
Total other expenses	$ (113)	$ (1,193)
Income/(Loss) before provision for income taxes	$ (1,456)	$ 790
Income taxes	-	(161)
Net income/(loss) from discontinued operations	**$ (1,456)**	**$ 629**

Immediately before the classification of the disposal groups as discontinued operations, the recoverable amount was estimated for certain items of property, plant, and equipment and no impairment loss was identified. As of December 31, 2023, there were no further write-downs as the carrying amounts of the disposal groups did not fall below their fair value less costs to sell.

On October 3, 2024, the Company completed the sale of Solis Bond Company DAC, a company formed under the laws of Ireland and an indirect wholly owned subsidiary of the Company, and its subsidiaries in Romania to Solis Trustee Special Vehicle Limited, the Solis Bondholders' ownership vehicle, for € 1 in accordance with the terms of the Solis

Bonds, as amended. As a result of the sale, the Company eliminated approximately $112 million in debt and payables related to Solis activities and improved shareholders' equity by approximately $51 million. Solis accounted for 98% and 54% of group revenues for the years ended December 31, 2024 and 2023, respectively.

The sale of these entities and exit of this market represented a strategic shift for the Company that has a major effect on the Company's operations and financial results. Results of operations, financial position, and cash flows for these subsidiaries are reported as discontinued operations, in accordance with ASC 205-20, for all periods presented. The notes to the financial statements have been adjusted to reflect this retroactive presentation.

Solis and Subsidiaries in Romania	**As of October 3 2024**	**As of December 31 2023**
	(in thousands)	
Assets:		
Cash & cash equivalents	$ 632	$ 577
Restricted cash	5	19,161
Accounts receivable, net	952	648
Unbilled energy incentives	8,778	5,607
Other current assets	9,580	896
Property, plant, equipment, net	41,457	43,621
Operating leases, non-current assets	159	337
Total discontinued operations assets	$ 61,563	$ 70,847
Liabilities:		
Accounts payable	$ 2,812	$ 1,494
Green bonds	87,627	166,122
Deferred income	8,778	5,607
Operating leases, current liabilities	46	47
Other current liabilities	13,260	8,517
Operating leases, non-current liabilities	118	150
Other non-current liabilities	202	197
Total discontinued operations liabilities	$ 112,843	$ 182,134
Net assets/(liabilities) of discontinued operations	**$ (51,280)**	**$ (111,287)**

Solis and Subsidiaries in Romania	**Year Ended December 31, 2024**	**2023**
	(in thousands)	
Revenues	$ 9,686	$ 16,608
Operating Expenses		
Cost of revenues	(3,936)	(3,167)
Selling, general, and administrative	(1,564)	(6,294)
Depreciation, amortization, and accretion	(1,511)	(1,983)
Development costs	-	(438)
Costs related to disposal of asset	(730)	-
Gain on sale of discontinued operations, net assets	51,931	-
Total operating expenses	44,190	(11,882)
Income from discontinued operations	53,876	4,726
Other income/(expense):		
Interest expense	(8,924)	(12,927)
Solis bond waiver fee	-	(11,232)
Other expense	(221)	(1,605)
Total other expenses	$ (9,145)	$ (25,764)
Income/(Loss) before provision for income taxes	$ 44,731	$ (21,038)
Income taxes	(87)	-
Net income/(loss) from discontinued operations	**$ 44,644**	**$ (21,038)**

20. Deconsolidation of Entities Transferred to Parent Company

On November 5, 2024, the Company sold 100% of its equity ownership in its wholly owned subsidiaries Alternus Energy Americas, Inc. (a Delaware corporation) and Alternus Lux 01 S.a.r.l (a Company organized under the laws of Luxembourg) to AEG (the Company's parent company) each for a sale price of €10 (collectively $21). After the sales, no assets, liabilities, or operations of these subsidiary entities were retained by the Company. Because these subsidiary sale transactions were between entities under common control, the transfer of their net liabilities to AEG was accounted for at their carrying amounts, as an equity transaction, resulting in an equity contribution from the parent company of approximately $12.3 million.

The major classes of assets and liabilities transferred on November 5, 2024 in the sale of the Company's subsidiaries are shown below:

Entities Transferred to AEG	**As of November 5 2024**
	(in thousands)
Assets:	

Cash & cash equivalents	$	13
Accounts receivable, net		31
Other current assets		969
Property, plant, equipment, net		16,742
Operating leases, non-current assets		619
Other non-current assets		2,712
Total assets transferred to AEG	$	21,086
Liabilities:		
Due to affiliates	$	7,163
Accounts payable		5,743
Short term convertible & non-convertible notes		15,179
Operating leases, current liabilities		113
Other current liabilities		6,125
Operating leases, non-current liabilities		596
Total liabilities transferred to AEG	$	34,919
Net assets/(liabilities) transferred to AEG	**$**	**(13,833)**

21. Sale of Italian Operating Parks

In June 2023 the Company engaged an Italian firm to market the Company's operating assets in Italy. During the fourth quarter of 2023 a buyer was identified, and the sale of the assets was finalized on December 28, 2023. The Company received a cash consideration of $17.5 million for all operating assets. In accordance with ASC 360, the Company removed the disposal group and recognized a loss of $5.5 million upon sale on December 28, 2023, of which $0.6 million were costs associated with the sale. The balances and results of the Italian disposal group are presented below as of December 28, 2023:

Italy		**As of December 28, 2023**
		(in thousands)
Assets:		
Cash & cash equivalents	$	100
Other current assets		338
Other non-current assets		3,819
Total assets held for sale	$	4,257
Liabilities:		
Accounts payable	$	21
Other current liabilities		578
Total liabilities to be disposed of	$	599
Net assets held for sale	**$**	**3,658**

Italy		**Year Ended December 31, 2023**
		(in thousands)
Revenues	$	3,360
Operating Expenses		
Cost of revenues		(1,204)
Selling, general, and administrative		(69)
Depreciation, amortization, and accretion		(1,638)
Loss on disposal of asset		(5,501
Total operating expenses		(8,412)
Income/(Loss) from discontinued operations		(5,052)
Other income/(expense):		
Other expense		(15)
Other income		-
Total other income/(expenses)	$	(15)
Income/(Loss) before provision for income taxes	$	(5,067)
Net income/(loss) from discontinued operations	**$**	**(5,067)**

22. Shareholders' Equity

Common Stock

As of December 31, 2023, the Company had a total of 150,000,000 shares of common stock authorized with 2,876,215 shares issued and outstanding. As of December 31, 2024, the Company had a total of 300,000,000 shares of common stock authorized with 5,037,826 shares issued and outstanding.

Reverse Stock Split

On October 11, 2024, the Company effected a one-for-25 (1:25) reverse stock split of all issued and outstanding shares of the Company's common stock, par value $0.0001 per share (the "Common Stock") effective as of 12:01 a.m. Eastern Time on October 11, 2024 (the "Reverse Stock Split"), vide a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation of Alternus Clean Energy, Inc. (the "Certificate of Amendment") filed with the Secretary of State of Delaware on October 3, 2024, and deemed effective on October 11, 2024 at 12:01 a.m. Eastern Time.

As a result of the Reverse Stock Split, every twenty-five (25) shares of issued and outstanding Common Stock were combined into one (1) validly issued, fully paid and nonassessable share of Common Stock. The Reverse Stock Split uniformly affected all issued and outstanding shares of Common Stock and did not alter any stockholder's percentage ownership interest in the Company, except to the extent that the Reverse Stock Split results in the fractional interests. No fractional shares will be or shall be issued in connection with the Reverse Stock Split. Stockholders who otherwise would be entitled to receive fractional shares of Common Stock will receive an amount in cash (without interest or deduction) equal to the fraction of one share to which such stockholder would otherwise be entitled multiplied by the share price, representing the product of the average closing price of the Company's common stock on the Nasdaq Capital Market for the five consecutive trading days immediately preceding the effective date of the Reverse Stock Split and the inverse of the Reverse Stock Split ratio. Proportional adjustments have also been made to the Company's outstanding warrants, stock options, and convertible securities, as well as to the reserves available pursuant to the terms of the Company's 2023 Equity Incentive Plan to reflect the Reverse Stock Split, in each case, in accordance with the terms thereof.

All share and per share amounts in the accompanying consolidated financial statements and notes thereto have been retroactively adjusted to reflect the reverse stock split for all periods presented.

Common Share Issuances

On January 23, 2024, the Company entered into a six-month marketing services agreement. The Company issued 3,252 shares at a market value of $25.25 in exchange for marketing services provided. On May 8, 2024, this agreement was extended another six months with an additional 13,200 shares issued at a market value of $8.75 per share.

On February 20, 2024, the Company entered into a two-month marketing services agreement. The Company issued 4,000 shares at a market value of $8.75 for marketing services provided.

On May 8, 2024, the Company entered into a five-month digital marketing services agreement. The Company issued 4,000 shares at a market value of $8.75 per share for digital marketing advisory services provided.

On August 1, 2024, the Company issued 8,262 shares of unrestricted common stock valued at $6.65 per share in exchange for the conversion of $54,958 worth of the Convertible Note issued on April 19, 2024.

On August 7, 2024, the Company issued 200,000 shares of restricted common stock to Hover valued at $1.1 million ($5.525 market price per share on date of issue) for services rendered under a strategic alliance agreement with Hover.

On September 3, 2024 we issued 10,194 shares of unrestricted common stock valued at $5.32 per share in exchange for the conversion of $54,265.09 worth of the Convertible Note issued on April 19, 2024.

On October 7, 2024, the Company issued 26,750 shares of unrestricted common stock valued at $2 per share in exchange for the conversion of $53,500 worth of the Convertible Note issued on April 19, 2024.

On October 8, 2024, the Company issued 447,050 shares of unrestricted common stock valued at $2 per share in exchange for the conversion of $894,100 worth of the Convertible Note issued on April 19, 2024.

On October 9, 2024 the Company issued 20,000 shares of restricted common stock valued at a market value of $2.70 per share for marketing advisory services provided.

On October 21, 2024, the Company issued 189,000 shares of unrestricted common stock valued at $2 per share in exchange for the conversion of $378,000 worth of the Convertible Note issued on April 19, 2024.

On November 14, 2024, the Company issued 195,000 shares of unrestricted common stock valued at $1.50 per share in exchange for the conversion of $292,500 worth of the Convertible Note issued on April 19, 2024.

On December 2, 2024, the Company issued 100,000 shares of unrestricted common stock valued at $1 per share in exchange for the conversion of $100,000 worth of the Convertible Note issued on April 19, 2024.

On December 20, 2024, the Company issued 50,000 shares of unrestricted common stock valued at $1 per share in exchange for the conversion of $50,000 worth of the Convertible Note issued on April 19, 2024.

On December 20, 2024, the Company issued 45,429 shares of unrestricted common stock valued at $0.75 per share in exchange for the conversion of $34,146 worth of the Convertible Note issued on October 1, 2024.

On December 23, 2024, the Company issued 223,017 shares of unrestricted common stock valued at $0.82 per share as collateral to Sunrise Development as repayment of debt.

Preferred Stock

As of December 31, 2024 and 2023, the Company also had a total of 1,000,000 shares of preferred stock authorized. There were no preferred shares issued or outstanding as of December 31, 2024 and 2023. The board of directors of the Company has the authority to establish one or more series of preferred stock, fix the voting rights, designations, powers, preferences and any other rights, if any, of each such series and any qualifications, limitations and restrictions thereof.

Warrants

As of December 31, 2023, warrants to purchase up to 493,800 shares of common stock were issued and outstanding. These warrants were related to financing activities.

As inducement to extend the maturity of an existing note with warrants, on February 5, 2024, the Company issued 3,600 additional penny warrants with a five-year term to the noteholder with a five-year term.

On April 19, 2024, the Company entered into a Purchase Agreement with an institutional investor pursuant to which we sold, and the investor purchased, a warrant to purchase up to an aggregate of 96,444 shares of common stock. The warrant is exercisable for shares of common stock at a price of $12 per share (the "Exercise Price"). The warrant is exercisable immediately and expires on October 20, 2029. The Exercise Price is subject to full ratchet anti-dilution protection, subject to certain price limitations required by Nasdaq rules and regulations and certain exceptions. This warrant was adjusted on November 12, 2024 to purchase up to 455,966 shares exercisable at $1.50 per share. This warrant was again adjusted on December 5, 2024 to purchase up to 1,155,600 shares exercisable at $1.00 per share. In conjunction with the transaction, the Company also issued warrants to Maxim for the purchase of 9,644 shares of common stock with an exercise price of $14.25 per share for their role as placement agent, which is exercisable at any time on or after October 19, 2024 and will expire on July 31, 2027.

On October 1, 2024, the Company entered into a Purchase Agreement with an institutional investor pursuant to which we sold, and the investor purchased, a warrant to purchase up to 212,784 shares of Common Stock and the Company received gross proceeds of $795,455, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted so that as of November 12, 2024 it is adjusted to purchase up to 283,714 shares exercisable at $1.50 per share. This warrant was again adjusted on December 5, 2024 to purchase up to 425,571 shares exercisable at $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 21,278 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after April 1, 2025 and will expire on December 19, 2027.

On October 21, 2024, pursuant to the Purchase Agreement, the closing of the second tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 162,628 shares of Common Stock exercisable at $2.00 per share and the Company received gross proceeds of $535,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted on November 12, 2024 to purchase up to 216,838 shares at an exercise price of $1.50 per share. This warrant was adjusted again on December 5, 2024 to purchase up to 325,257 shares at an exercise price of $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 16,263 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after April 21, 2025 and will expire on December 19, 2027.

On November 12, 2024, pursuant to the Purchase Agreement, the closing of the third tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 303,978 shares of Common Stock exercisable at $1.50 per share and the Company received gross proceeds of $750,000, before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. This warrant was adjusted on December 5, 2024 to purchase up to 455,967 shares at an exercise price of $1.00 per share. In conjunction with the transaction, the Company issued warrants for the purchase of 22,799 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after May 12, 2025 and will expire on December 19, 2027.

On December 5, 2024, pursuant to the Purchase Agreement, the closing of the fourth and final tranche of the Convertible Note and Warrant occurred, whereby the Company issued a Warrant to purchase 130,710 shares of Common Stock exercisable at $1.00 per shares and the Company received gross proceeds of $244,317 before fees and other expenses associated with the transaction, accounting for the 12% original issue discount. In conjunction with the transaction, the Company issued warrants for the purchase of 6,536 shares of common stock with an exercise price of $2.20 per share to Maxim for their role as placement agent, which is exercisable at any time on or after June 5, 2025 and will expire on December 19, 2027.

As of December 31, 2024, warrants to purchase up to 3,000,149 shares of common stock were issued and outstanding.

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding - January 1, 2023	477,800	$ 287.50	5.98
Issued during the year	16,000	8.75	0.16
Expired during the year	-	-	-
Outstanding - December 31, 2023	493,800	$ 280.50	4.98
Issued during the year	2,573,225	1.08	4.21
Expired during the year	-	-	-
Outstanding – December 31, 2024	3,067,025	46.07	4.85
Exercisable – December 31, 2024	3,067,025	46.07	4.85

23. Segment and Geographic Information

Effective January 1, 2024, the Company adopted Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update requires disclosure of significant segment expenses regularly provided to the Chief Operating Decision Maker (CODM) and enhances qualitative disclosures about segment operations. The adoption of this ASU did not impact the Company's consolidated financial position, results of operations, or cash flows.

The Company has two reportable segments that consist of PV operations by geographical region, United States Operations and European Operations. European operations represent our most significant business. The Chief Operating Decision-Maker (CODM) is the CEO.

Historically, the European Segment derives revenues from three sources, Country Renewable Programs, Green Certificates and Long-term Offtake Agreements. The United States Segment revenues are derived from Long-term Offtake Agreements. As of December 31, 2024, the Company had no revenue from discontinued operations as the operating parks in Poland, the Netherlands, and Romania were sold. Additionally, the Company had no revenue continuing operations as the Lightwave operating parks were sold back to the parent company, AEG, as a result of the deconsolidation of Alternus Energy Americas Inc. on November 5, 2024.

In evaluating financial performance, the CODM uses both gross profit and EBITDA to assess segment performance and decide how to allocate resources. However, after the sale of Solis and its Romanian subsidiaries and the deconsolidation of Alternus Energy Americas and its United States subsidiaries and AEG MH 01 and its Irish subsidiaries, the CODM now uses EBITDA, a non-GAAP measure, as the main measure of a segment's performance. EBITDA is defined as earnings before interest expense, income tax expense, depreciation and amortization. The Company uses EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. As a trans-Atlantic independent solar power provider, we evaluate many of our capital expenditure decisions at a regional level. Accordingly, expenditures on property, plant and equipment and associated debt by segment are presented.

The following tables present information related to the Company's reportable segments. The data has been presented to show the effect of discontinued operations from Poland, the Netherlands, and Romania for all periods.

Revenue by Segment	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Europe	$ -	$ 3,360
Europe – Discontinued Operations	9,809	27,041
United States	311	116
Total for the period	**$ 10,120**	**$ 30,517**

Operating Income/(Loss) by Segment	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Europe	$ (10,584)	$ (9,185)
Europe – Discontinued Operations	45,912	(37,116)
United States	(14,250)	(23,163)
Total for the period	**$ 21,078**	**$ (69,464)**

Assets by Segment	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Europe – Continuing Operations		
Fixed Assets	$ -	$ -
Other Assets	3,958	10,538
Total for Europe – Continuing Operations	**$ 3,958**	**$ 10,538**
Europe – Discontinued Operations		
Fixed Assets	$ -	$ 125,600
Other Assets	-	26,190
Total for Europe – Discontinued Operations	**$ -**	**$ 151,790**
United States – Continuing Operations		
Fixed Assets	$ -	$ 5,119
Other Assets	3,769	17,839
Total for United States – Continuing Operations	**$ 7,727**	**$ 22,958**

Liabilities by Segment	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Europe – Continuing Operations		
Debt	$ 19,807	$ 14,340
Other Liabilities	1,200	9,244
Total for Europe – Continuing Operations	**$ 21,007**	**$ 23,584**
Europe – Discontinued Operations		
Debt	$ -	$ 165,955
Other Liabilities	-	30,133
Total for Europe – Discontinued Operations	**$ -**	**$ 196,088**
United States – Continuing Operations		
Debt	$ 9,598	$ 17,247
Other Liabilities	11,007	11,621
Total for United States – Continuing Operations	**$ 20,605**	**$ 28,868**

Revenue by Product Type	Year Ended December 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Country Renewable Programs (FiT)		
Europe	$ -	$ 2,389
Europe – Discontinued Operations	334	5,966
United States	311	116

Total for the period	**$ 645**	**$ 8,471**
Green Certificates (FiT)		
Europe – Discontinued Operations	$ 5,803	$ 10,548
Total for the period	**$ 5,803**	**$ 10,669**
Energy Offtake Agreements (PPA)		
Europe	$ -	$ 962
Europe – Discontinued Operations	3,638	10,403
Total for the period	**$ 3,638**	**$ 11,365**
Guarantees of Origin		
Europe – Discontinued Operations	$ -	$ 129
Total for the period	**$ -**	**$ 129**
Other Revenue		
Europe – Discontinued Operations	34	4
Total for the period	**$ 34**	**$ 4**

	Year Ended December 31,	
EBITDA by Segment	**2024**	**2023**
	(in thousands)	
Europe	$ (3,347)	$ (3,824)
Europe – Discontinued Operations	5,485	10,698
United States	(8,454)	(4,560)
Total for the period	**$ (6,316)**	**$ 2,314**

Below is a reconciliation of net income to EBITDA for the periods presented:

	Year Ended December 31,	
EBITDA Reconciliation to Net Income/(Loss)	**2024**	**2023**
	(in thousands)	
Europe		
EBITDA	$ (3,347)	$ (3,824)
Depreciation, amortization, and accretion	(21)	(1,616)
Interest expense	(3,953)	(3,745)
Impairment of Spanish assets	(3,263)	-
Net Loss	**$ (10,584)**	**$ (9,185)**
Europe – Discontinued Operations		
EBITDA	$ 5,485	$ 10,698
Depreciation, amortization, and accretion	(1,691)	(4,946)
Interest expense	(9,726)	(19,709)
Income taxes	(87)	(161)
Solis bond waiver fee	-	(11,232)
Impairment loss recognized on the remeasurement to fair value less costs to sell	-	(11,766)
Gain on sale of discontinued operations, net assets	51,931	-
Net Loss	**$ 45,912**	**$ (37,116)**
United States		
EBITDA	$ (8,454)	$ (4,560)
Depreciation, amortization, and accretion	(194)	(57)
Interest expense	(4,820)	(1,889)
Income taxes	(590)	(15)
Valuation on FPA asset	-	(16,642)
Fair value movement of FPA asset	(483)	-
Fair value movement of convertible debt	67	-
Fair value movement of warrant	565	-
Net loss on issuance of debt	(520)	-
Gain on extinguishment of debt	179	-
Net Loss	**$ (14,250)**	**$ (23,163)**
Consolidated Net Loss	**$ 21,078**	**$ (69,464)**

One customer represented 100% of continuing operational revenues during the year ended December 31, 2024 compared to two customers that represented 86% for the year ended December 31, 2023. The revenues from these customers accounted for $0.3 million and $3.0 million of revenue for the year ended December 31, 2024 and 2023, respectively.

Five customers represented 76% of the discontinued operational revenues during the year ended December 31, 2024 compared to four customers that represented 84% for the year ended December 31, 2023. The revenues from these customers accounted for $7.7 million and $25.7 million of revenue for the year ended December 31, 2024 and 2023 respectively.

24. Income Tax Provision

Major Components of Tax Expense/(Income)	Year Ended December 31, 2024	2023
	(in thousands)	
Current tax expense	$ 677	$ 15
Deferred tax expense	-	-
Actual income tax expense (benefit)	**$ 677**	**$ 15**

Explanation of the relationship between tax expense and accounting profit:

	Year Ended December 31, 2024	2023
	(in thousands)	
Accounting profit before tax	$ 21,756	$ (53,637)
Tax at the applicable rate of 21%	4,569	(11,263)
State income taxes, net of federal benefit	(710)	-
Permanent items	380	5,852
Tax effect of differences in foreign tax rates	(4,747)	2,622
Other	1,398	302
Change in valuation allowance	(213)	2,502
Actual income tax expense/(benefit)	**$ 677**	**$ 15**

The tax effects of temporary difference and carryforwards that give rise to significant portions of the net deferred tax assets were as follows:

	Year Ended December 31, 2024	2023
	(in thousands)	
Deferred tax assets:		
Net operating losses	$ 4,137	$ 1,329
Asset basis differences	869	-
Interest expense carryforward	475	4,343
Lease liabilities	-	312
Total deferred tax assets	5,481	5,984
Deferred tax asset valuation allowance	(5,481)	(5,693)
Net deferred tax assets	-	291
Deferred tax liabilities:		
Other	-	-
Right-of-use asset	-	(291)
Total deferred tax liabilities	-	(291)
Net deferred taxes	**$ -**	**$ -**

The Company's valuation allowance decreased during 2024 by $213 thousand, primarily due to the loss of foreign income tax attributes after the disposal of foreign subsidiaries in US, Poland, Netherland, Ireland and Romania

Deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of December 31, 2024, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company determined that it was not possible to reasonably quantify future taxable income and determined that it is more likely than not that all of it deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of December 31, 2024.

As of December 31, 2024, the Company had approximately $3.0 million of federal, $0.7 million of state, and $0.4 million of foreign net operating loss to offset future taxable income. If not utilized, the state net operating loss will expire in 2044. The Luxembourg net operating loss of 17 thousand will start to expire in 2040. The remaining foreign net operating loss carryovers have unlimited carryforward periods. The Company is in the process of analyzing whether any changes to its capital structure resulted in an ownership change, and whether US net operating losses would be restricted in use as a result thereof.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense. As of December 31, 2024 and 2023, the total balance of accrued interest and penalties related to uncertain tax positions was $590 thousand and $0, respectively. The following is a reconciliation of the beginning and ending amounts of the Company's gross unrecognized tax benefits:

	Year Ended December 31, 2024	2023
	(in thousands)	
Unrecognized tax benefits at beginning of year	-	-
Gross increases – tax positions in prior periods	$ 360	$ -
Gross increases – tax positions in current period	230	-

Unrecognized tax benefits at end of year	$ 590	$ -

Unrecognized tax benefits are not expected to significantly increase or decrease within the next 12 months.

25. Related Party

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

AEG:

On October 12, 2022, AEG entered into the Business Combination Agreement with the Company and Clean Earth Acquisition Sponsor LLC (the "Sponsor") which closed on December 22, 2023 (refer to Footnote 1). In conjunction with the Business Combination Agreement, AEG also entered into an Investor Rights Agreement. The Investor Rights Agreement provides for certain governance requirements, registration rights and a lockup agreement under which AEG is restricted from selling its shares in the Company for one year, or until December 22, 2024, other than 57,500 shares after March 22, 2024 and an additional 57,500 after June 22, 2024, provided the shares are registered under a registration statement on SEC Form S-1. On July 31, 2024, these shares were registered. Alternus Energy Group Plc ("AEG") was an 80% shareholder of the Company as of December 31, 2023. As of December 31, 2024, AEG was a 48% shareholder of the Company.

In January 2024, the Company assumed an €850 thousand ($938 thousand) convertible promissory note from AEG. The note had a 10% interest maturing in March 2025. On January 3, 2024, the noteholder converted all of the principal and accrued interest owed under the note, equal to $1.0 million, into 52,800 shares of restricted common stock.

During the period ended December 31, 2024, the Company and its subsidiaries and AEG and its subsidiaries had numerous financial transactions between each other which were approved by both company's board of directors. As of December 31, 2024, AEG owed $ 2.8 million to the Company, and the Company owed AEG $ 2.3 million consisting of costs incurred by AEG on behalf of the Company. The remaining $0.5 million balance due to the Company was written down.

Nordic ESG

In January of 2024, the Company issued 310,600 shares of restricted common stock valued at $30.75 per share to Nordic ESG and Impact Fund SCSp ("Nordic ESG") as settlement of AEG's €8 million ($9.7 million) note. This resulted in Nordic ESG becoming a 10% shareholder. As of December 31, 2024 Nordic ESG was a 6.5% shareholder.

Sponsor:

Clean Earth Acquisitions Sponsor LLC ("Sponsor") was the founder and controlling shareholder of the Company during the year ended December 31, 2023 and up to the Business Combination Closing Date, December 22, 2023, when Sponsor became an 11% shareholder of the Company. The Sponsor entered into the Business Combination Agreement with the Company and AEG, and also entered into the Investor Rights Agreement and the Sponsor Support Agreement, The Sponsor agreed, pursuant to the Sponsor Support Agreement, to vote all of their shares of capital stock (and any securities convertible or exercisable into capital stock) in favor of the approval of the Business Combination and against any other transactions, as well as to waive its redemption rights, agree to not transfer securities of the Company, and waive any anti-dilution or similar protections with respect to founder shares.

In order to fund working capital deficiencies or finance transaction costs in connection with a business combination, the Sponsor initially loaned $350,000 to the Company, in accordance with an unsecured promissory note (the "WC Note") issued on September 26, 2022, under which up to $850,000 may be advanced. On August 8, 2023, the Company issued an additional $650,000 promissory note to the Sponsor to fund the Second WC Note. The Second WC Note is non-interest bearing and payable on the date which the Company consummates its initial Business Combination. Both of these notes were settled on the Business Combination closing date in exchange for 9,000 shares of the Company's common stock.

On December 18, 2023, the Sponsor entered into a non-redemption agreement (the "NRA") with the Company and the investor named therein (the "Investor"). Pursuant to the terms of the NRA, among other things, the Investor agreed to withdraw redemptions in connection with the Business Combination on any Common Stock, held by the Investor and to purchase additional Common Stock from redeeming stockholders of the Company such that the Investor will be the holder of no fewer than 11,111 shares of Common Stock.

On March 19, 2024 we entered into a settlement agreement with the Sponsor and SPAC Sponsor Capital Access ("SCA") pursuant to which, among other things, we agreed to repay Sponsor's debt to SCA, related to the CLIN SPAC entity extensions, in the amount of $ 1.4 million and issue 9,000 shares of restricted common stock valued at $11.75 per share to SCA.

D&O:

In connection with the Business Combination Closing, the Company entered into indemnification agreements (each, an "Indemnification Agreement") with its directors and executive officers. Each Indemnification Agreement provides for indemnification and advancements by the Company of certain expenses and costs if the basis of the indemnitee's involvement in a matter was by reason of the fact that the indemnitee is or was a director, officer, employee, or agent of the Company or any of its subsidiaries or was serving at the Company's request in an official capacity for another entity, in each case to the fullest extent permitted by the laws of the State of Delaware.

On April 25, 2024, Joseph E. Duey, the Company's Chief Financial Officer, resigned, effective as of April 30, 2024. Mr. Duey advised the Company that his decision to step down from the role of Chief Financial Officer was not based on any disagreement with the Company on any matter relating to its operations, policies, or practices. Mr. Duey is pursuing outside interests not in the renewable energy industry. Vincent Browne, the Company's Chief Executive Officer, is acting as interim Chief Financial Officer. The Company will be seeking a suitable replacement in due course.

On May 15, 2024, Mohammed Javade Chaudhri, a Class I director of the Company, resigned from the Company's Board of Directors (the "Board") effective immediately. Mr. Chaudhri's decision to resign from the Board is solely for personal reasons and is not the result of any disagreement with the Company's operations, policies, or procedures, or any disagreements in respect of accounting principles, financial statement disclosure, or any issue impacting on the committees of the Board on which he served.

Consulting Agreements:

On May 15, 2021, VestCo Corp., a company owned and controlled by our Chairman and CEO, Vincent Browne, entered into a Professional Consulting Agreement with one of our United States subsidiaries under which it pays VestCo a monthly fee of $16,000. This agreement has a five-year initial term and automatically extends for additional one-year terms unless otherwise unilaterally terminated.

In July of 2023, John Thomas, one of our directors, entered into a Consulting Services Agreement with one of our United States subsidiaries under which it pays Mr. Thomas a monthly fee of $11,000. This agreement has a five-year initial term and automatically extends for additional one-year terms unless otherwise unilaterally terminated.

Transactions with Directors	Year Ended December 31, 2024	2023
	(in thousands)	
Loan from Vestco, a related party to Board member and CEO Vincent Browne	$ -	$ 210
Final payment made to Vestco on November 16, 2023	-	(210)
Total	**$ -**	**$ -**

Director's remuneration	Year Ended December 31, 2024	2023
	(in thousands)	
Remuneration in respect of services as directors	$ 292	$ 385
Remuneration in respect to long term incentive schemes	-	-
Total	**$ 292**	**$ 385**

26. Subsequent Events

Management has evaluated subsequent events that have occurred through the date the financial statements were issued and has determined that there were no subsequent events that required recognition or disclosure in the financial statements as of and for the year ended December 31, 2024, except as disclosed below.

On January 2, 2025, 3i converted $1,588,693 of the October Convertible Note into 2,118,262 shares of unrestricted common stock valued at $0.75 per share.

On January 8, 2025, 3i converted $202,500 of the October Convertible Note into 270,000 shares of unrestricted common stock valued at $0.75 per share.

On January 21, 2025, the Company entered into a securities purchase agreement (the "Purchase Agreement") with certain investors (the "Purchasers") pursuant to which the Company sold, in a private placement (the "Offering"), unsecured 20% original issue discount promissory notes with an aggregate principal amount of $2,812,500 (the "Notes"). The Purchase Agreement also provides for the issuance of an aggregate of 1,526,058 shares of common stock of the Company, par value $0.0001 per share (the "Shares") to the Purchasers. The transaction closed on January 23, 2024 (the "Closing Date").

The aggregate gross proceeds to the Company were expected to be $2,250,000, before deducting placement agent fees and expenses, $580,000 of such proceeds were released on the Closing Date and the remaining amount were held in escrow, to be released to the Company upon the later of: i) filing the registration statement referenced below and ii) the date on which the Company receives a written communication from the Nasdaq Stock Market ("Nasdaq") that Nasdaq has granted the Company an extension to meet the continued listing requirements of the Nasdaq. Because the Company received a delisting determination from the Nasdaq on February 10, 2025, the Escrow Agent disbursed the funds back to the Purchasers as provided below against cancellation of a proportional portion of each Purchaser's Note (inclusive of original issue discount). The Company used the net proceeds from the Offering for working capital and other general corporate purposes.

The Notes were issued with an original issue discount of 20%. No interest shall accrue on the Notes unless and until an Event of Default (as defined in the Notes) has occurred, upon which interest shall accrue at a rate of twenty percent (20.0%) per annum. The Notes matured on April 23, 2025 and are currently in default. The Notes contain certain Events of Default, including but not limited to (i) the Company's failure to pay any amount of principal, interest, redemption price or other amounts due under the Notes or any other transaction document, (ii) any default under, redemption of, or acceleration prior to maturity of any indebtedness of the Company, as such term is defined in the transaction documents, (iii) bankruptcy of the Company or its subsidiaries, (iv) a final judgement or judgements for the payment of money in excess of $250,000, which is not discharged or stayed pending appeal within 60 days, and (v) any breach or failure to comply with any provision of the Note or any other transaction document. Upon the occurrence of any Event of Default and at any time thereafter, the Purchasers shall have the right to exercise all of the remedies under the Notes.

Maxim served as the placement agent in the Offering, pursuant to the terms of a Placement Agency Agreement and received 8% of the gross proceeds of the Offering, and placement agent warrants to purchase up to 76,303 shares of common stock at $0.4059 per share (the "Placement Agent Warrants") and reimbursement of the legal fees of its counsel of up to $50,000. The Placement Agent Warrants will be exercisable on the six (6) month anniversary of issuance and will expire on the five (5) year anniversary of issuance.

On January 28, 2025, John McQuillan, a Class I director of the Company, notified the Company that they will resign from the Company's Board of Directors (the "Board") effective immediately.

On January 28, 2025, Rolf Wikborg was elected to the Board effective immediately. The Board assessed the independence of Mr. Wikborg under the Company's Corporate Governance Guidelines and the independence standards under Nasdaq rules and has determined that Mr. Wikborg is independent. Along with their appointment, Mr. Wikborg was appointed to serve on the Audit Committee, as well as the Chair of the Compensation Committee, and as a member of the Nominating and Corporate Governance Committee of the Company, effective immediately. Mr. Wikborg will serve as an independent director until the Company's 2025 annual meeting of stockholders.

On February 6, 2025, 3i converted $85,113 of the October Convertible Note into 113,485 shares of unrestricted common stock valued at $0.75 per share.

On February 10, 2025, the Company received a determination letter (the "Delisting Notification") from the Nasdaq Hearings Advisor stating that the Nasdaq Hearings Panel determined to delist the Company's common stock, par value $0.0001 per share (the "Common Stock") from the Nasdaq Capital Market, and Nasdaq accordingly suspended trading in the Company's Common Stock, effective at the opening of trading on February 12, 2025, because the Company has not demonstrated compliance with the market value of listed securities requirement in Listing Rule 5550(b)(2), nor does it meet any of the alternative requirements under Nasdaq Listing Rule 5550(b) and has failed to demonstrate that additional time to regain compliance is appropriate. The Company was additionally in violation of the bid price requirement of Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"), as disclosed recently on January 31, 2025, which was taken into consideration by the Panel in its Delisting Notification.

A Form 25-NSE was filed with the Securities and Exchange Commission ("SEC"), which removed the Company's securities from listing and registration on Nasdaq. The Company's Common Stock is currently quoted on the OTCQB trading market. However, there can be no assurance that the Company's Common Stock will continue to trade on any over-the-counter trading market.

On February 11, 2025, 3i converted $150,000 of the October Convertible Note into 200,000 shares of unrestricted common stock valued at $0.075 per share.

On February 14, 2025, the the Board of the Company declared the formation of and approved the issuance of an aggregate of 1 share of Series A Super Voting Preferred Stock, par value $0.0001 per share ("Series A"). On February 18, 2025, the Company filed a certificate of designation (the "Certificate of Designation") with the Secretary of State of the State of Delaware therein establishing the Series A Super Voting Preferred Stock and describing the rights, obligations and privileges of the Series A Super Voting Preferred Stock. Concurrently, the Company issued the 1 share of Series A on the same date, in book-entry form. Each share of Series A has a par value of $ 0.0001 per share. The Series A is not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company. The Series A has no stated maturity and is not subject to any sinking fund. The holders of Series A shall not be entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Company.

On March 21, 2025 the Company filed an Amended and Restated Certificate of Designation of its Series A, such that 10,000 shares are designated as Series A and issued to Mr. Vincent Browne and each share of the Series A is entitled to have the right to vote in an amount equal to 10,000 votes per share, voting with the common stock on all matters as a single class.

On March 21, 2025, Vincent Browne, our Chief Executive Officer, Interim Chief Financial Officer and the shareholder with majority voting rights, representing 91% of the shares entitled to vote, approved 1) an amendment to our Certificate of Incorporation to effect a reverse stock split of our common stock at a ratio ranging from 1-for-2 and 1-for-500, as determined by our Board of Directors in its sole discretion, and 2) an amendment to the Company's 2023 Equity Incentive Plan relating to an increase in the number of shares of Common Stock that shall be available for the grant of awards under the Plan from 2,240,000 shares of Common Stock, so that the maximum aggregate number of shares of Common Stock that may be issued under the Plan is increased each fiscal year (the "Adjustment Date") by an amount equal to the lesser of (i) that number of shares equal to 15% of the outstanding shares of Common Stock on the applicable Adjustment Date, less (a) the number of shares of Common Stock that may be issued under the Plan prior to the Adjustment Date, and (b) the number of shares of Common Stock that may be issued under any other stock option plan of the Company in effect as of the Adjustment Date; or (ii) such lesser number of shares of Common Stock as may be determined by the Board.

On March 24, 2025, the Company incorporated a new wholly owned subsidiary, EverOn Energy LLC.

On March 25, 2025, one of the Company's subsidiaries, AEG MH02, entered into a Share Purchase Agreement with Alternus Energy Group Plc, a related party, for the sale of the entire issued share capital of Alt Spain HoldCo S.l.u., including all of its subsidiaries: ALT Spain 03, S.L.U., ALT Spain 04, S.L.U. and New Frog Projects SL, for a total consideration of €10.00.

In April 2025, the Compensation Committee and the Board of Directors ratified amendments to each of VestCo Corp. (a company owned and controlled by Mr. Browne) and Mr. Thomas' consulting services agreements, such that these agreements were assigned to the Company and VestCo's fees increased by $ 10,000 per month and Mr. Thomas' fees increased by $8,090 per month, effective January 1, 2025.

On April 21, 2025 the Company issued a total of 96,820,000 shares of restricted common stock valued at $2,904,600, including 11,000,000 shares to Alternus Energy Group PLC, a related party, 3,000,000 shares to each of our 4 current independent directors (Ms. Bjornov, Mr. Wikborg, Mr. Parker and Mr. Ratner) and one past director, Mr. Chaudhri, 15,000,000 shares each to Mr. Browne, our CEO, and Mr. Thomas, our executive director, 5,000,000 shares to Ms. Durant, our CLO, 2,500,000 shares to an employee for past services rendered, 5,750,000 shares to Hover Energy LLC for certain assets acquired and 27,570,000 shares to four accredited third party debt holders.

On April 24, 2025 the Company issued an additional 50,000 shares of Series A Super Voting Preferred Stock to Mr. Browne.

On April 25, 2025, Mr. Vincent Browne, our Chief Executive Officer, Interim Chief Financial Officer and shareholder with majority voting rights, representing 87% of the shares entitled to vote, approved an amendment to our Certificate of Incorporation to increase the total number of authorized shares of common stock from 300,000,000 to 600,000,000.

On April 28, 2025, the Company entered into a Note Purchase Agreement (the "Purchase Agreement"), by and between the Company and an institutional investor (the "Investor"), pursuant to which the Company agreed to issue to the Investor promissory notes in the aggregate total principal amount of up to $558,000, with the first tranche of $318,000 closing immediately and the remaining $240,000 to close upon request of the Company and at the Investor's discretion, having a 16.67% original issue discount, an interest rate of 12% per annum and a maturity date of December 31, 2025 (the "Notes"). Pursuant to the Purchase Agreement, with the closing of the private placement of the Note (the "Private Placement"), the Company received gross proceeds of $265,000, before fees and other expenses associated with the transaction. On May 30, 2025, a second partial tranche in the amount of $180,000 of the Notes closed, and the Company received gross proceeds of $150,000.

Also on April 28, 2025, the Company entered into a Letter Agreement with the Investor, which modifies certain terms and conditions of the Senior Convertible Note issued April 19, 2024 and the Senior Convertible Note issued October 1, 2024, by the Company to the Investor, collectively (the "2024 Notes"). The interest rate on the 2024 Notes is and will continue at a rate of 12% per annum. The conversion price of the 2024 Notes which remain outstanding shall be adjusted to the lesser of i) $0.03 and ii) 55% of the Market Price. Market Price shall mean the average of the three lowest traded prices of at least 100 shares during the twenty (20) Trading Days immediately prior to the Conversion Date. Unless mutually agreed upon, the Conversion Price shall not be less than $0.0001. The maturity date of the 2024 Notes shall be extended to December 31, 2025. Purusant to the Letter Agreement, the Company agreed to issue the Investor a warrant (the "Warrant") to purchase up to 34,000,000 shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"), at an exercise price of $0.03 per share (the "Exercise Price"). The Warrant is exercisable immediately and will expire on the date that is five and one-half (5 1/2) years after its date of issuance.

Also on April 28, 2025, the Company entered into a Settlement Agreement and Stipulation (the "Agreement") with Southern Point Capital Corporation ("SPC"), pursuant to which the Company agreed to issue Common Stock to SPC in exchange for the settlement of an aggregate of $4,242,963.60 (the "Settlement Amount") to resolve outstanding overdue liabilities with different vendors. On May 1, 2025, the Circuit Court of the Twelfth Judicial Circuit in and for Manatee County, Florida (the "Court"), entered an order (the "Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act in accordance with a stipulation of settlement, pursuant to the Agreement between the Company and SPC. SPC commenced action against the Company to recover the Settlement Amount of past-due obligations and accounts payable of the Company (the "Claim"), which SPC had purchased from certain vendors of the Company pursuant to the terms of separate receivable purchase agreements between SPC and each of such vendors. The Order provides for the full and final settlement of the Claim and the related action. The Agreement became effective and binding upon execution of the Order by the Court on April 30, 2025. Pursuant to the terms of the Agreement approved by the Order, the Company agreed to issue to SPC shares (the "Settlement Shares") of the Company's Common Stock. The Settlement Agreement provides that the Settlement Shares will be issued in one or more tranches, as necessary, sufficient to satisfy the Settlement Amount through the issuance of securities issued pursuant to Section 3(a)(10) of the Securities Act. Pursuant to the Agreement, SPC may deliver requests to the Company for additional shares of Common Stock to be issued to SPC until the Settlement Amount is paid in full, provided that any excess shares issued to SPC will be cancelled.

In connection with the Agreement, on May 2, 2025, the Company issued 4,000,000 shares of Common Stock to SPC as a settlement fee. The issuance of Common Stock to SPC pursuant to the terms of the Agreement approved by the Order is exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) thereof, as an issuance of securities in exchange for bona fide outstanding claims, where the terms and conditions of such issuance are approved by a court after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear. The Agreement provides that in no event will the number of shares of Common Stock issued to SPC or its designee in connection with the Agreement, when aggregated with all other shares of Common Stock then beneficially owned by SPC and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by SPC and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 4.99% of the Common Stock.

Subsequent to December 31, 2024, the Company and LiiON LLC mutually agreed to rescind the Asset Purchase Agreement (see Footnote 5). The primary driver that led the Parties to discuss alternative plans was the February 2025 Nasdaq notice that the Company's equity had been delisted. Prior to receiving the notice, the Company expected Nasdaq to provide an extension of time to correct the matters that resulted in delisting. Although the acquisition Agreement permitted the Company to issue restricted common stock (i.e., active listing was not necessary to fulfill the requirements), questions around the timing of the Company's ability to raise additional equity funding to support it's integration plan, caused by the delisting, led the Parties to discussions regarding the path forward which, ultimately, culminated with the Parties' mutual decision to rescind the Agreement. The agreement to rescind the transaction was finalized on April 29, 2025, resulting in the unwinding of all consideration transferred and legal ownership.

The Company has evaluated the rescission in accordance with ASC 855, Subsequent Events, and determined it to be a non-recognized subsequent event, as the rescission did not change the condition of "control" that existed as of the acquisition date or the reporting period end. As such, no adjustments have been made to the financial statements for the period ended December 31, 2024.

On May 1, 2025 the Company issued 1,000,000 shares of restricted common stock to Assure Power, LLC for services pursuant to a consulting agreement, valued at $43,000.

On May 2, 2025, CFGI LP and the Company entered into a settlement agreement for a contractual amount owed for services rendered in the amount of $358,000, whereby the Company shall pay to CFGI approximately $10,000 per month commencing June 2, 2025 for a period of three years.

On May 7, 2025, the Company entered into a Share Purchase Agreement with its subsidiary, Alternus Europe Limited (the "Seller"), OBN Real Estate Limited (the "Majority Buyer") and BVP Green Bond 2018 Limited (the "Minority Buyer") (together the "Buyers") for the sale of the entire issued share capital of AEG MH 02 Limited ("MH02"), including all of MH02's subsidiaries: AED Italia-01 S.r.l; AED Italia-02 S.r.l; AED Italia-03 S.r.l; AED Italia-04 S.r.l; AED Italia-05 S.r.l; AED Italia-06 S.r.l; AED Italia-07 S.r.l; AED Italia-08 S.r.l; PC-Italia-01 S.r.l; PC-Italia-03 S.r.l; PC-Italia-04 S.r.l; Risorse Solari I S.r.l; and Risorse Solari III S.r.l (the "Transaction"), for a total consideration of (i) the assumption of approximately $19,000,000 in total debt ($17,000,000 owed to the Majority Buyer and the remaining $2,000,000 owed to the Minority Buyer), (ii) the forbearance by the Majority Buyer on the right to claim up to $17,000,000 against the Company's parent guarantee until MH02's solar projects reach ready to build status, and (iii) the right of the Company to purchase MH02's solar photovoltaic projects at fair market value, subject to a minimum price of €150,000 per megawatt, as each project reaches ready to build status. The Majority Buyer acquired 75.5% of MH02 and the Minority Buyer acquired the remaining 24.5% of MH02's share capital.

As part of the Transaction and debt forbearance, the Company issued 10,660,000 shares of restricted common stock to the Minority Buyer. (See unregistered sale of securities above).

As a result of the Transaction, the Company has removed approximately $22.6 million in debt and costs related to MH 02's activities, which will improve shareholders equity by approximately $14.4 million.

On May 8, 2025, the Company, Alternus Energy Group PLC (AEG) and one of AEG's subsidiaries, Alternus Energy Americas Inc. (AEA), was served a Demand for Arbitration through JAMS in Washington DC by Orrick, Herrington and Sutcliffe LLP ("Orrick"), claiming that approximately $1 million is due and owed to Orrick pursuant to an engagement agreement entered into with AEA, plus interest. The Company intends to vigorously defend itself in this matter and has filed a motion to dismiss itself from the arbitration as the Company was not a party to this engagement agreement nor is AEA a subsidiary of the Company.

On May 20, 2025 the Company issued 8 million shares of restricted common stock to a related party, Alternus Energy Group PLC, for services rendered, valued at $224,000.

On May 29, 2025, the Company entered into a Note Purchase Agreement (the "Purchase Agreement"), dated as of May 29, 2025, with Secure Net Capital LLC ("Secure Net"), pursuant to which the Company issued a 20% Original Issue Discount promissory convertible note (the "2025 Note") with a maturity date in August 2025, in the principal sum of $312,500. Pursuant to the terms of the 2025 Note, the Company agreed to pay to Secure Net the entire principal amount on the Maturity Date, failing which and certain events of default (as described in the 2025 Note), the 20% Original Issue Discount shall increase by 5% per month until the Note is fully repaid. The Purchase Agreement contains customary representations and warranties by the Company, and closed on the same date thereof. The Purchase Agreement resulted in net proceeds of $250,000 to the Company, which the Company intends to use for working capital purposes.

The 2025 Note, issued pursuant to the Purchase Agreement, is convertible at the option of the Holder at any time after the Maturity Date, including with registration rights, at a conversion price per share equal to ninety percent (90%) of the Company's common stock's VWAP (which is the three (3) Trading Days immediately prior to such Conversion Date (or the nearest preceding date)) as of the date of such conversion (the "Conversion Date"). The current 2025 Note is a senior direct debt obligation of the Company ranking pari passu with all other Notes, but subordinate and junior in right of payment to the Senior Convertible Notes originally issued to 3i, LP., and other senior or pari passu Indebtedness (as defined in the Purchase Agreement) of the Company.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

On November 5, 2024, the Company's Audit Committee dismissed Forvis Mazars, LLP ("Forvis Mazars") as the Company's independent registered public accounting firm. Also on November 5, 2024, the Company's Audit Committee approved, and the Company's Board of Directors (the "Board") ratified, the engagement of Kreit & Chiu CPA LLP (the "New Auditor"), and appointed the New Auditor as the Company's independent registered public accounting firm as of November 5, 2024.

Prior to the New Auditor's appointment, on November 5, 2024, the Audit Committee of the Company dismissed Forvis Mazars as the Company's independent registered public accounting firm. From June 1, 2024 through November 5, 2024, the period during which Forvis Mazars was engaged as the Company's independent registered public accounting firm, there were no disagreements with Forvis Mazars on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Forvis Mazars, would have caused Forvis Mazars to make reference to the subject matter of the disagreements as defined in Item 304 of Regulation S-K in connection with any reports it would have issued, and there were no "reportable events" as such term is described in Item 304 of Regulation S-K. Forvis Mazars did not issue any reports on the Company's financial consolidated statements during the period which Forvis Mazars was engaged as the

Company’s independent registered public accounting firm.

On December 22, 2023, the Company dismissed BDO USA P.C. ("BDO”), its independent registered public accounting firm prior to the Business Combination, as the Company’s independent registered public accounting firm, effective as of December 22, 2023. The Audit Committee (the "Committee”) of the Board approved the dismissal of BDO and engaged Mazars USA as its auditor for 2023.

The Company has not had any disagreements with its accountants on accounting and financial statements.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that the information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were not, in design and operation, effective at a reasonable assurance level due to the material weaknesses in internal control over financial reporting described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The Company has identified the following material weakness in internal control over the financial reporting process.

- The Company did not design and maintain an effective control environment commensurate with its financial reporting requirements. Specifically, the Company lacked a sufficient number of professionals with an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately. Additionally, the lack of a sufficient number of professionals resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of its financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in its finance and accounting functions.

  To the extent reasonably possible given our limited resources, we intend to take measures to cure the aforementioned weaknesses, including, but not limited to, increasing the capacity of our qualified financial personnel to ensure that accounting policies and procedures are consistent across the organization and that we have adequate controls over our Exchange Act reporting disclosures.

- The Company did not design and maintain effective controls for communicating and sharing information within the Company. Specifically, the accounting and finance departments were not consistently provided the complete and adequate support, documentation, and information including the nature of relationships with certain counterparties to record transactions within the financial statements timely, completely and accurately.

  The accounting group has implemented a monthly review with the appropriate responsible parties within the Company, to review and confirm that the accounting department has received the proper documentation for various transactions.

- The Company did not design and maintain effective controls for transactions between related parties and affiliates recorded between itself, the parent company and its subsidiaries. Specifically, the accounting and finance departments lacked formalized documentation establishing intercompany due to/from balances and did not periodically assess the collectability of such outstanding balances.

  As part of the new despac structure, the Company is in the process of formalizing documentation related to intercompany due to/from within the new organization structure, and with Alternus Energy, Inc, which is a related party.

- The Company did not design and maintain effective controls to address the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U.S. GAAP to such transactions. Specifically, the Company did not design and maintain controls to timely identify and account for warrant instruments related to certain promissory notes, forward purchase agreements, debt modifications, and impairment of discontinued operations.

  The Company will have third party experts review non routine, unusual and complex transactions in order to have the required expertise to confirm the proper accounting treatment.

- The Company did not design and maintain formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over the period-end financial reporting process addressing areas including financial statement and footnote presentation and disclosures, account reconciliations and journal entries, including segregation of duties, assessing the reliability of reports and spreadsheets used in controls, and the timely identification and accounting for cut-off of expenditures.

  The Company is working with an external consultant to review and assess the Company’s current internal control structure to improve the overall effectiveness of the control environment. In addition, the Company is investing in third party software to improve the accuracy, review, and approval of account reconciliations and other accounting functions. Also, the Company is investing in third party software to improve the process around the completion of the financial statements.

The material weaknesses described above could result in a material misstatement to substantially all of the Company’s accounts or disclosures. These material weaknesses leads management to conclude that the Company’s disclosure controls and procedures are not effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

Management’s Report on Internal Control over Financial Reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management utilized the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway

Commission (COSO) to conduct an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have identified the material weaknesses described above in our internal controls over financial reporting and have therefore concluded that our internal controls over financial reporting are not effective at the reasonable assurance level.

As stated above, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the name, age and position of each of the directors and executive officers of Alternus as of June 6, 2025:

Name	Age	Position(s)
Vincent Browne	57	Chief Executive Officer, Interim Chief Financial Officer and Chairman of the Board of Directors
Taliesin Durant	54	Chief Legal Officer
Gary Swan	54	Chief Technical Officer
David Farrell	43	Chief Commercial Officer
Larry Farrell	53	Chief Information Officer
John P. Thomas	72	Director
Aaron T. Ratner	50	Director
Nicholas Parker	64	Director
Tone Bjornov	63	Director
Rolf Wikborg	67	Director

Executive Officers

Vincent Browne, Chairman, Chief Executive Officer and Interim Chief Financial Officer

Vincent Browne is our Chairman, Chief Executive Officer and Interim Chief Financial Officer. Mr. Brown brings a wealth of experience with his extensive background of over 20 years in senior and c-suite level management in the areas of finance and operations, including M&A, project finance and capital market transactions across listed and private companies.

From 2017 to present Mr. Browne also serves as AEG's Chairman and CEO. From July of 2015 until September of 2017, he served as AEG's CFO and as a Director. Since December of 2016, Mr. Browne has also served as a director of all of our subsidiaries except our Italian subsidiaries. Mr. Browne holds a Bachelor of Commerce (Accounting) degree from University College Dublin and is a regular contributor in commercialization of research and technology projects with the Technology and Enterprise Campus at Trinity College Dublin.

We believe Mr. Browne is qualified to serve as a director on our board in light of his role as our Chief Executive Officer, his previous experience as Chief Executive Officer of AEG, the management perspective he brings to board deliberations and his extensive management experience.

Taliesin Durant, Chief Legal Officer

Taliesin Durant is our Chief Legal Officer. Ms. Durant has spent over 20 years serving in senior operating roles in a variety of US corporate and public enterprises.

Prior to Ms. Durant's appointment as our Chief Legal Officer, she served as AEG's CLO since 2018. Prior to that, she served as President of a boutique legal services firm, DART Business Services LLC, which she founded in March 2010 to provide general and securities legal services to small public companies. Prior to founding DART, from October 2008 to February 2010, she was the General Counsel and Corporate Secretary of Flint Telecom Group, Inc. Prior to this, from June 2001 to September 2008, Ms. Durant served as General Counsel and Corporate Secretary for Semotus Solutions Inc. Ms. Durant graduated with a BA in Economics from Connecticut College. Ms. Durant is a member of the California State Bar Association, having earned a Juris Doctor degree at Northwestern School of Law at Lewis and Clark College where she was associate editor of the Environmental Law Review and completed her final year of law school at Santa Clara University School of Law.

Gary Swan, Chief Technical Officer

Gary Swan is our Chief Technical Officer. Mr. Swan comes with over 30 years of construction experience working on the design, construction, operation and sale of renewable energy assets across multiple continents.

Prior to Mr. Swan's appointment as our Chief Technical Officer, he served as AEG's CTO since 2021. Prior to AEG, Mr. Swan was previously responsible for the construction of several large-scale wind and solar projects owned by Actis Energy portfolio companies AELA Energia (Chile) and BioTherm Energy (Africa). Prior to this, Mr. Swan spent 6 years at Mainstream Renewable Power as Head of Construction and Engineering Manager from July 2012 to March 2018, where he was responsible for delivering wind and solar projects through the construction phase into operation across Europe, North America, Latin America and Africa.

Mr. Swan holds a BAI in Civil, Structural and Environmental Engineering from Trinity College Dublin and an MSc in Project Management from the University College Dublin Michael Smurfit Graduate Business School.

David Farrell, Chief Commercial Officer

David Farrell is our Chief Commercial Officer. Mr. Farrell has over 20 years' experience across capital markets, project finance, infrastructure and renewables, and the finance industry.

Prior to Mr. Farrell's appointment as our Chief Commercial Officer, he served as AEG's CCO since January 2022. Prior to AEG, from November of 2019 to January of 2022, Mr. Farrell was a Director of Corporate Finance at advisory firm Grant Thornton. Additional previous roles include Director of Mergers & Acquisitions at the investment bank, Duff & Phelps, from September of 2016 to November of 2019, Regional Head of Debt Structuring at the accountancy firm FGS, and various management roles in corporate, institutional, and commercial banking, together with several advisory board roles. In these roles, Mr. Farrell acquired extensive experience on both sides of corporate, real estate, and infrastructure and renewable financings along with numerous M&A transactions.

Mr. Farrell holds a BBS degree in economics and finance from the University of Limerick, an Associateship of Chartered Institute of Management Accounting, CIMA professional qualification from the Dublin Business School, and has a diploma in Corporate Financing from the Chartered Accountant Ireland.

Larry Farrell, Chief Information Officer

Larry Farrell is our Chief Information Officer. He has over 20 years of experience in senior leadership roles across production, operations and service delivery management, in both startups and Fortune 500 companies.

Prior to Mr. Farrell's appointment as our Chief Information Officer, he served as AEG's CIO since 2019. Prior to AEG, from March of 2015 to January of 2019, Mr. Farrell was Senior Director of Global Operations Application Support for Xerox, consolidating and developing support systems and infrastructure globally. From October 2012 to March of 2015 he was Director of Global Service Delivery.

Mr. Farrell is ITIL and Lean Six Sigma certified and studied Mechanical Engineering at Dundalk Institute of Technology and holds Diplomas in Management from Dublin Business School and Printing and Graphic Communication from Technological University, Dublin.

Non-Employee Directors

Aaron T. Ratner, Director

Aaron T. Ratner is a member of our board of directors. Prior to serving on our board, Mr. Ratner was the Chief Executive Officer of Clean Earth Acquisitions Corp, our pre-combination listed entity.

Along with serving on our board, Mr. Ratner is also the ClimateTech Venture Partner with Vector Ventures, a venture capital investment platform based in Hong Kong, and a Partner and Advisor to Climate Commodities, a global commodity merchant and development accelerator, focused on incubating, scaling, and funding businesses and assets that are essential for clean energy transition, artificial intelligence infrastructure, national defense, and the broader commodity and energy sectors. Since November 2022 Mr. Ratner is also on the board of directors of Burcon NutraScience (TSK: BU), a plant protein technology company.

Mr. Ratner has over 20 years of domestic and international investment and advisory experience, including 8 years in Asia, focusing on venture capital, climate technology, infrastructure investing, energy, and agriculture. From 2020 to 2022, Mr. Ratner was the President of Cross River Infrastructure Partners, a platform of development companies deploying climate technologies into sustainable infrastructure projects across carbon capture, hydrogen, advanced SMR nuclear, and sustainable protein, with a focus on first and early commercial projects. From 2016 to 2020, Mr. Ratner was a Managing Director and the Head of Origination at Ultra Capital, a sustainable infrastructure project finance fund manager. At Ultra, he held seats on the Investment Committee and the Board of Directors. Also from 2016 to November 2022 he was the Venture Partner at Vectr Ventures, a climate tech venture capital fund.

Mr. Ratner attended the Stanford University Graduate School of Business and completed his undergraduate education at the University of Pennsylvania (Economics (Honors) and International Relations) and Jochi University, Tokyo.

We believe Mr. Ratner is qualified to serve as a director on our board in light of his previous investment/entrepreneurial experience that he brings to board deliberations, and his extensive experience with advisory and clean energy projects.

Nicholas Parker, Director

Nicholas Parker is a member of our board of directors. Prior to serving on our board, since 2002, Mr. Parker has served as Chairman of Toronto-based Parker Venture Management Inc., a private company through which he controls investments in, and advises on, clean and smart technology businesses and platforms globally, including previously serving as chairman of UGE International LTD (TSX: UGE), a public solar renewable energy development company.

From January 2014 to September 2019, Mr. Parker served as Managing Partner of Global Acceleration Partners Inc., an Asia-focused technology cooperation platform in the energy, environment and water sectors. From 2002 to 2013, Mr. Parker was Co-founder and Executive Chairman of Cleantech Group LLC, a San Francisco-based research and consulting and convening firm that created and served the worldwide cleantech innovation community, which he successfully sold in 2009, with partial turnout through 2011. During his tenure at Cleantech Group, its startup clients raised over $6 billion from investors. From 1999 to 2004, Mr. Parker was Co-founder and Principal of Emerald Technology Ventures, a leading trans-Atlantic venture manager focused on energy and resource productivity. During this period, Mr. Parker led an investment in Evergreen Solar, which in 2000 became the second solar initial public offering to be listed on Nasdaq. From 1996 to 1999, Mr. Parker was Senior Vice President of Environmental Capital Corporation, a Boston-based investment company majority-owned by Maurice Strong and his family. Mr. Parker started his business career in 1988 as Co-founder and President of The Delphi Group, one of Canada's leading environmental strategy firms, through which he built and sold its London-based corporate finance arm.

Mr. Parker holds a B.A. Hons in Technology Studies from Carleton University and a Master's in Business Administration in International Business from the CASS Business School, London.

We believe Mr. Parker is qualified to serve as a director on our board in light of his extensive management experience.

John P. Thomas, Director

Mr. Thomas is a member of our board of directors. From February 2018 to present Mr. Thomas also serves as a director of AEG.

Prior to joining our board, Mr. Thomas has served in senior operating and management roles in a variety of corporate and public enterprises for over 35 years. From April 2011 to July 2022 he was Director and Managing Partner of Doonbeg Partners, LLC, which he co-founded. Prior to co-founding the Doonbeg, he was a founding partner of Pfife Hudson Group, from March 2003 to November 2010, a boutique investment bank. Prior to that, Mr. Thomas spent 12 years at the Grundstad Maritime Group, a Norwegian holding company with various maritime assets including product tankers and a cruise line, culminating as CEO and President of the Group. He joined Grundstad from Northrop Corporation, where from February 1984 to June 1988 he was responsible for Northrop's corporate counter trade and offset operations worldwide. Before joining Northrop, Mr. Thomas was Owners Representative for West Africa and Resident Managing Director in Nigeria for Farrell Lines, a US Flag shipping company. He began his African experience as a U.S. Peace Corps Volunteer in The Gambia, West Africa and later transferred to Micronesia.

Mr. Thomas graduated with a BS in Business Administration from Manhattan College.

We believe that Mr. Thomas is qualified to serve as a director on our board due to his service in senior operating and management roles of other companies.

Tone Bjornov, Director

Ms. Bjørnov is a member of our board of directors, prior to which she was as a member of AEG' Board of Directors since August 2021.

Since 2008 she has worked as a portfolio non-executive director in several Scandinavian companies across various sectors from banks and financial institutions to shipping, real estate, media, biotech and aquaculture. She has chaired multiple Boards and Board committees including risk, audit and nomination in European listed companies. Present board positions include Atlantic Sapphire ASA (Audit Committee Chair), Aqua Bio Technology ASA, Filmparken AS (Chair), Storyline Studios AS (Chair), Hausmann AS (Chair), Dugnad.ai.AS (Chair), TF Bank AB (Audit Committee Chair), Omsorgsbygg KF (Deputy Chair) and Varme og Bad AS (Credit Committee Chair).

Ms. Bjørnov received her undergraduate degree from the University of Oslo and an undergraduate degree from BI Norwegian Business School and resides in Oslo.

We believe that Ms. Bjornov is qualified to be a director on our board given her vast experience in the financial industry.

Rolf Wikborg, Director

On January 28, 2025, Rolf Wikborg was elected to the Board.

Mr. Wikborg has significant experience in renewable energy and energies in general. He is currently Chairman of Norhybrid a Norwegian based manufacturer of vertical industrial wind turbines. He is also chair of Carbon Value Technologies and a Director of a Fintech company, FutureXchange. From 2020 to 2024 he has been a partner with Greenlight Group, a fund that holds a variety of investments in solar, wind, battery management systems, black pellets and biogas. He has also been involved in some of the most CO2 reducing maritime projects with dual fuel, batteries and wind assisted ships.Mr. Wikborg also served, from 2007 to 2015, as Director of a NYSE listed transportation company, DHT, where he was also chair of the compensation committee, and was a Director of an Oslo listed dry cargo transportation company, Western Bulk, from 2012 to 2016. Wikborg lived 16 years in the US from 1986 - 2002, establishing and building up AMA Capital Partners LLC, New York based merchant bankers in M&A, restructuring of debt including bonds and managing equity and debt funds within maritime, transportation and energy. Prior to New York, Wikborg was Managing Director of Fearnleys Mexico. He remained with AMA after moving back to Norway and was involved in restructurings and M&A. From 2004 to 2008 he was an advisor to Kuwait Finance House in the shariah based equity investment in maritime and energy and was a Partner with SinoEnergy Capital in Hong Kong, investing in harsh environment jack up rigs.

Mr. Wikborg graduated from University of Manchester Institute of Science & Technology with Honors. He also studied marine law and marine insurance law at the Norwegian Shipping Academy. He is an officer of the Royal Norwegian Navy.

We believe Rolf S. Wikborg is qualified to serve on the Board of Directors of the Company due to his international experience, previous and current board positions in the US and Norway as well as his knowledge of the renewable energy industry.

Corporate Governance

Board Leadership Structure

Our chairman of the board of directors is Vincent Browne, who is also our Chief Executive Officer and Interim Chief Financial Officer. Our board of directors has concluded that our current leadership structure is appropriate at this time. However, our board of directors will continue to periodically review our leadership structure and may make such changes in the future as it deems appropriate.

Role of Board in Risk Oversight Process

Our board of directors has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our board of directors to understand our risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

The audit committee reviews information regarding liquidity and operations and oversees our management of financial risks. Periodically, the audit committee reviews our policies with respect to risk assessment, risk management, loss prevention and regulatory compliance. Oversight by the audit committee includes direct communication with our external auditors, and discussions with management regarding significant risk exposures and the actions management has taken to limit, monitor or control such exposures. The compensation committee is responsible for assessing whether any of our compensation policies or programs has the potential to encourage excessive risk-taking. The nominating and corporate governance committee manages risks associated with the independence of the board of directors, corporate disclosure practices and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors is regularly informed through committee reports about such risks. Matters of significant strategic risk are considered by our board of directors as a whole.

Composition of the Board of Directors

The board of directors is divided into three classes of directors (Class I, Class II and Class III), with each class serving for staggered three-year terms. Vincent Browne, John P. Thomas and Aaron T. Ratner constitute the Class III directors; , Nicholas Parker and Tone Bjornov constitute the Class II directors; Rolf Wikborg constitutes the Class I director. The initial term of the Class II directors shall expire immediately following the Company's 2025 annual general meeting at which directors are appointed. The initial term of the Class III directors shall expire immediately following the Company's 2026 annual meeting at which directors are appointed. The current term of the Class I director shall expire immediately following the Company's 2027 annual general meeting of the Company at which directors are appointed.

Director Independence

The board of directors consists of six directors, three of whom are "independent" within the meaning of Section 5605(a)(2) of the Nasdaq Listing Rules and meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act. The Nasdaq listing rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three (3) years was, an employee of the company;
- the director or a family member of the director accepted any compensation from the company in excess of $120,000 during any period of twelve (12) consecutive months within the three (3) years preceding the independence determination (subject to certain exemptions, including, among other things, compensation for board or board committee service);
- the director or a family member of the director is a partner in, controlling shareholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exemptions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three (3) years, any of the executive officers of the company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the Company's outside auditor, or at any time during the past three (3) years was a partner or employee of the Company's outside auditor, and who worked on the Company's audit.

Under such definitions, our Board has undertaken a review of the independence of each director. Based on the information provided by each director concerning his or her background, employment, and affiliations, our Board has determined that Nicholas Parker, Tone Bjornov and Rolf Wikborg satisfy the "independence" requirements under Nasdaq Rule 5605.

Board Committees

The Board has established three standing committees: (i) audit committee (the "Audit Committee"); (ii) compensation committee (the "Compensation Committee"); and (iii) nominating and corporate governance committee (the "Nominating and Corporate Governance Committee"). Each of the committees operates pursuant to its charter. The committee charters will be reviewed annually by the Nominating and Corporate Governance Committee. If appropriate, and in consultation with the chairs of the other committees, the Nominating and Corporate Governance Committee may propose revisions to the charters. The responsibilities of each committee are described in more detail below.

Audit Committee. The Audit Committee consists of three directors, Tone Bjornov, Nicholas Parker and Rolf Wikborg, all of which are currently "independent" as defined by Nasdaq. Tone Bjornov serves as the audit committee chairman and audit committee financial expert. The audit committee's duties are specified in a charter and include, but not be limited to:

- meeting with our independent registered public accounting firm regarding, among other issues, audits, and adequacy of our accounting and control systems;
- monitoring the independence of the independent registered public accounting firm;
- verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;
- inquiring and discussing with management our compliance with applicable laws and regulations;

- pre-approving all audit services and permitted non-audit services to be performed by our independent registered public accounting firm, including the fees and terms of the services to be performed;
- appointing or replacing the independent registered public accounting firm;
- determining the compensation and oversight of the work of the independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies; and
- reviewing and approving all payments made to our existing stockholders, executive officers or directors and their respective affiliates. Any payments made to members of our audit committee will be reviewed and approved by our board of directors, with the interested director or directors abstaining from such review and approval.

The Audit Committee is composed exclusively of "independent directors" who are "financially literate" as defined under the Nasdaq listing standards. The Nasdaq listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

Compensation Committee. The Compensation Committee consists of one director: Rolf Wikborg, which is "independent" as defined by Nasdaq. The Compensation Committee's duties are specified in a charter and include, but not be limited to:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our chief executive officer's compensation, evaluating our chief executive officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our chief executive officer's based on such evaluation;

- reviewing and approving the compensation of all of our other Section 16 executive officers;

- reviewing our executive compensation policies and plans;

- implementing and administering our incentive compensation equity-based remuneration plans;

- assisting management in complying with our proxy statement and annual report disclosure requirements;

- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our executive officers and employees;

- producing a report on executive compensation to be included in our annual proxy statement; and

- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.

The charter provides that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by the SEC.

Nomination and Corporate Governance Committee. The Nominating and Corporate Governance Committee consists of two directors: Rolf Wikborg and Tone Bjornov. Tone Bjornov serves as the nominating and corporate governance committee chairman. The Nominating and Corporate Governance Committee's duties are specified in a charter and include, but not be limited to:

- assist the Board by identifying qualified candidates for director nominees, and to recommend to the Board of Directors the director nominees for the next annual meeting of stockholders;

- lead the Board in its annual review of its performance;

- recommend to the Board director nominees for each committee of the Board; and

- develop and recommend to the Board corporate governance guidelines applicable to us.

Role of Board in Risk Oversight Process

Our Board has responsibility for the oversight of our risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our Board to understand our risk identification, risk management, and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, cybersecurity, strategic and reputational risk.

Code of Ethics

Our Board adopted a written code of business conduct and ethics ("Code") that applies to our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. Our website has a current copy of the Code and all disclosures that are required by law in regard to any amendments to, or waivers from, any provision of the Code.

Clawback Policy

On January 1, 2024, our Board adopted an executive compensation recoupment policy consistent with the requirements of the Exchange Act Rule 10D-1 and the Nasdaq listing standards thereunder, to help ensure that incentive compensation is paid based on accurate financial and operating data, and the correct calculation of performance against incentive targets. Our policy addresses recoupment of amounts from performance-based awards paid to all corporate officers, including awards under our equity incentive plans, in the event of a financial restatement to the extent that the payout for such awards would have been less, or in the event of fraud, or intentional, willful or gross misconduct that contributed to the need for a financial restatement.

Insider Trading Policy

We have an insider trading policy that prohibits our directors, executive officers, employees, independent contractors and consultants from the purchasing or selling our securities while being aware of material, non-public information about the Company as well as disclosing such information to others who may trade in securities of the Company. Our insider trading policy also prohibits our directors, executive officers, employees, independent contractors and consultants from engaging in hedging activities or other short-term or speculative transactions in the Company's securities such as short sales, options trading, holding the Company's securities in a margin account or pledging the Company's securities as collateral for a loan, without the advance approval of our Chief Executive Officer and Chief Financial Officer. Our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file with the SEC reports of their ownership and changes in their ownership of our common stock. To our knowledge, based solely on review of the copies of such reports and amendments to such reports with respect to the year ended December 31, 2024 filed with the SEC, all required Section 16 reports under the Exchange Act for our directors, executive officers and beneficial owners of greater than 10% of our common stock were filed on a timely basis during the year ended December 31, 2024, except for one late Form 3 filing reporting one transaction made by Rolf Wikborg.

Item 11. Executive Compensation

Summary Compensation Table

The following table sets forth certain information with respect to compensation for the years ended December 31, 2024 and 2023, earned by or paid to our Chief Executive Officer and our two other most highly compensated executive officers whose total compensation exceeded US$100,000 (the "named executive officers").

Name and Principal Position	Year	Salary ($)	Bonus ($)	All Other Compensation ($)	Total ($)
Vincent Browne(1)	2024	192,000		44,100(2)	236,100
Chief Executive Officer and acting Chief Financial Officer	2023	192,000(1)(2)	193,000(3)		385,000
Joseph E. Duey(5)	2024	82,372		43,404(2)	125,776
Chief Financial Officer (Former)	2023	250,000	193,000(3)	18,000(2)	461,000
Taliesin Durant	2024	190,000		102,205(2)(4)	292,205
Chief Legal Officer	2023	190,000		54,305(2)(4)	244,305

(1) Mr. Browne's salary includes fees earned by Vestco, a company he owns and controls, pursuant to a services agreement between VestCo and Alt Alliance LLC.

(2) Other compensation includes car allowance (USA)

(3) Bonuses paid in October 2023 for the fiscal year ended December 31, 2022.

(4) Includes housing allowance effective July 2023.

(5) Mr. Duey resigned from the Company effective April 30, 2024.

Employment Agreements.

Vincent Browne

VestCo Corp., a company owned and controlled by Vincent Browne, entered into a Professional Consulting Agreement with one of our US subsidiaries under which Alternus pays VestCo a monthly fee of $16,000. This agreement has a five-year initial term.

Additionally, Mr. Browne entered into an Employment Agreement (the "Browne Employment Agreement") with an Irish subsidiary of the Company under which Mr. Browne receives an annual base salary of €120,000 and an annual bonus of up to 100% of his salary based on achieving certain milestones. In addition, he is eligible to receive certain equity and/or equity-based awards under the Company's long-term incentive compensation plan(s), none of which has been issued at this time.

The Company may terminate the Browne Employment Agreement for "Cause" which is defined as any of the following: (i) the conviction of a felony, or a crime involving dishonesty or moral turpitude; (ii) fraud, misappropriation or embezzlement; or (iii) willful failure or gross negligence in the performance of assigned duties, which failure or negligence continues for more than thirty (30) days following written notice of such failure or negligence. Alternus may terminate the Browne Employment Agreement without Cause at any time by giving 90 days' advance written notice and shall pay a sum equal to five years of base salary. Mr. Browne may terminate his employment agreement for Good Reason (as defined in the Browne Employment Agreement) with 90 days' notice, and Alternus shall be obligated to pay him severance pay equal to five years of base salary.

Additionally, further to our earlier Chief Financial Officer, Mr. Joseph E. Duey's resignation, Mr Browne is currently functioning as the Acting Chief Financial Officer of the Company, until a suitable replacement is sought or appointed by the Company and its board of directors.

Joseph E. Duey

The Company and Mr. Duey entered into an employment agreement under which Mr. Duey receives an annual base salary of $250,000 and a cash bonus of up to 100% of his salary based on achieving certain milestones. In addition, he is eligible to receive certain equity and/or equity-based awards under the Company's long-term incentive compensation plan(s), none of which has been issued at this time. Mr. Duey resigned effective April 30, 2024.

Taliesin Durant

The Company and Ms. Durant entered into an employment agreement under which Ms. Durant receives an annual base salary of $190,000 and a cash bonus of up to 100% of her salary based on achieving certain milestones. In addition, she is eligible to receive certain equity and/or equity-based awards under the Company's long-term incentive compensation plan(s), none of which has been issued at this time. This agreement has a five-year initial term.

The Company may terminate her employment agreement for "Cause" which is defined as any of the following: (i) the conviction of a felony, or a crime involving dishonesty or moral turpitude; (ii) fraud, misappropriation or embezzlement; or (iii) willful failure or gross negligence in the performance of assigned duties, which failure or negligence continues for more than thirty (30) days following written notice of such failure or negligence. If the executive's employment is terminated by Alternus without Cause during the term of the Employment agreement, the Alternus must give two weeks' prior written notice and shall pay severance pay equal to one year of base salary. If Alternus closes a 'Change in Control' transaction, then the employment agreement will automatically terminate, and the Company shall pay severance pay equal to two years of base salary and any unvested stock shall automatically become fully vested. The executive may terminate the employment agreement for Good Reason (as defined in such employment agreement) with 90 days' notice, and Alternus shall be obligated to pay the executive severance pay equal to one year of base salary.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2023 and 2024, the Company currently does not have any outstanding awards or options underlying its current Incentive Plan (as defined below).

Director Compensation Table

The following table provides information concerning compensation paid to our directors during fiscal year ended December 31, 2024.

Members of the Board of Directors of the predecessor entity, Clean Earth Acquisition Corporation, did not receive fees for their services in 2024.

Mr. Brown's compensation was as a paid executive in 2024 and he did not receive compensation for his services as a board member.

Name	Fee Earned / Paid in Cash ($)	Stock Awards ($)	Options ($)	Others ($)	Total ($)
John P. Thomas	132,000	-	-	5,149[(1)]	137,149
Aaron T. Ratner	70,000	-	-	-	70,000
Nicholas Parker		-	-	-	
Tone Bjornov	22,590	-	-	-	22,590
Candice Beaumont (Former)		-	-	-	
Vincent Browne		-	-	-	
John McQuillan		-	-	-	

(1) Mr. Thomas' compensation includes fees earned under a consulting agreement entered into in July 2023 with one of our US subsidiaries.

Item 12. Security ownership Certain Beneficial Owners and Management

The table below sets forth information regarding the beneficial ownership of the common stock by (i) our directors and named executive officers; (ii) all the named executives and directors as a group and (iii) any other person or group that to our knowledge beneficially owns more than five percent of our outstanding shares of common stock and preferred stock.

We have determined beneficial ownership in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of June 6, 2025 are deemed to be outstanding and beneficially owned by the person holding the options. Shares issuable pursuant to stock options or warrants are deemed outstanding for computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below will have sole voting and investment power with respect to all shares of common stock that they will beneficially own, subject to applicable community property laws. We have based our calculation of beneficial ownership on 119,718,354 shares of common stock outstanding and 60,000 shares of Series A Super Voting Preferred Stock outstanding as of June 6, 2025.

		Number of Shares Beneficially Owned		Beneficial Ownership Percentages		
Name and Address of Beneficial Owner[(1)]	**Title**	**Common Stock**	**Series A Super Voting Preferred Stock**	**Percent of Common Stock**	**Percent of Series A Super Voting Preferred Stock**	**Percent of Voting Stock[(2)]**
Officers and Directors						
Vincent Browne[(3)]	CEO	15,000,000	60,000	12.53%	100%	85.45%
Taliesin Durant	CLO	5,000,000	—	4.18%	—%	*%
Gary Swan	CTO	—	—	—%	—%	—%
David Farrell	COO	—	—	—%	—%	—%
Larry Farrell	CIO	—	—	—%	—%	—%
John P. Thomas	Director	15,000,000	—	12.53%	—%	2.08%
Aaron T. Ratner[(4)]	Director	3,014,263	—	2.52%	—%	*%
Nicholas Parker[(5)]	Director	3,021,613	—	2.52%	—%	*%
Tone Bjornov	Director	3,000,000	—	2.51%	—%	*%
Rolf Wikborg	Director	3,000,000	—	2.51%	—%	*%
Officers and Directors as a Group (total of 10 persons)		47,035,876	60,000	39.29%	100%	89.90%
Greater than 5% Stockholders:						
Alternus Energy Group Plc[(6)]		21,296,000	—	17.79%	—%	2.96%
BVP Investments Limited[(7)]		10,660,000	—	8.90%	—%	1.48%
Vincent Collins		10,660,000	—	8.90%	—%	1.48%

* Less than 1%.

(1) The address for each individual is Alternus Clean Energy, Inc., 17 State Street, Suite 4000, New York City, New York, 10004.

(2) Includes a total of 719,718,354 shares of voting stock outstanding, with 119,718,354 shares being Common Stock and 60,000 shares being Series A Super Voting Preferred Stock having an aggregate of 600,000,000 votes.

(3) 15,000,000 of the shares of common stock are held through VestCo I Corp, a company owned and controlled by Mr. Browne.

(4) 14,263 of these shares are held through Mighty Sky Ventures LLC, a company owned and controlled by Mr. Ratner.

(5) 21,613 of these shares are held through Parker Venture Management, Inc., a company owned and controlled by Mr. Parker.

(6) Alternus Energy Group Plc, Suite 4 Blanchardstown Corporate Park 2, Blanchardstown, Dublin, Ireland D15.

(7) BVP Investments Limited, Unit 4 Aspen Court, Bray Road, Cornelscourt, Dublin, Ireland 7.

(8) Vincent Collins, Beechwood, Roscommon, Co Roscommon, Ireland, F42 FD77.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence

The following is a summary of transactions since January 1, 2023 to which we have been a party, in which the amount involved exceeded $120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest other than compensation and other arrangements that are described the sections titled "Executive Compensation" and "Non-Employee Director Compensation." We also describe below certain other transactions with our directors, former directors, executive officers and stockholders.

Alternus Energy Group PLC ("AEG"):

On October 12, 2022 AEG entered into the Business Combination Agreement with the Company and Clean Earth Acquisition Sponsor LLC (the "Sponsor") which closed on December 22, 2023 (See FN 1).In conjunction with the Business Combination Agreement, AEG also entered into an Investor Rights Agreement. The Investor Rights Agreement provides for certain governance requirements, registration rights and a lockup agreement under which AEG is restricted from selling its shares in the Company for one year, or until December 22, 2024, other than 1,437,500 shares after March 22, 2024 and an additional 1,437,500 after June 22, 2024, provided the shares are registered under a registration statement on SEC Form S-1.

Alternus Energy Group Plc ("AEG") was an 80% shareholder of the Company as of December 22, 2023 and as of December 31, 2023. As of December 31, 2024, AEG was a 48% shareholder of the Company.

In January 2024, the Company assumed a $938 thousand (€850 thousand) convertible promissory note from AEG. The note had a 10% interest maturing in March 2025. On January 3, 2024, the noteholder converted all of the principal and accrued interest owed under the note, equal to $1.0 million, into 52,800 shares of restricted common stock.

During the period ended December 31, 2024, the Company and its subsidiaries and AEG and its subsidiaries had numerous financial transactions between each other which were approved by both company’s board of directors. As of December 31, 2024, AEG owed $2.8 million to the Company, and the Company owed AEG $2.3 million consisting of costs incurred by AEG on behalf of the Company. The remaining $0.5 million balance due to the Company was written down.

Nordic ESG:

In January of 2024 the Company issued 7,765,000 shares of restricted common stock valued at $1.23 per share to Nordic ESG and Impact Fund SCSp ("Nordic ESG") as settlement of AEG’s €8m note. This resulted in Nordic ESG becoming a related party. As of December 31, 2024, Nordic ESG was a 6.5% shareholder.

Clean Earth Acquisitions Sponsor LLC ("Sponsor"):

Sponsor was the founder and controlling shareholder of the Company during the year ended December 31, 2023 and up to the Business Combination Closing Date, December 22, 2023, when Sponsor became an 11% shareholder of the Company. The Sponsor entered into the Business Combination Agreement with the Company and AEG, and also entered into the Investor Rights Agreement and the Sponsor Support Agreement, The Sponsor agreed, pursuant to the Sponsor Support Agreement, to vote all of their shares of capital stock (and any securities convertible or exercisable into capital stock) in favor of the approval of the Business Combination and against any other transactions, as well as to waive its redemption rights, agree to not transfer securities of the Company, and waive any anti-dilution or similar protections with respect to founder shares.

In order to fund working capital deficiencies or finance transaction costs in connection with a business combination, the Sponsor initially loaned $350,000 to the Company, in accordance with an unsecured promissory note (the "WC Note") issued on September 26, 2022, under which up to $850,000 may be advanced. On August 8, 2023, the Company issued an additional $650,000 promissory note to the Sponsor to fund the Second WC Note. The Second WC Note is non-interest bearing and payable on the date which the Company consummates its initial Business Combination. Both of these notes were settled on the Business Combination closing date in exchange for 9,000 shares of the Company’s common stock.

On December 18, 2023, the Sponsor entered into a non-redemption agreement (the "NRA") with the Company and the investor named therein (the "Investor"). Pursuant to the terms of the NRA, among other things, the Investor agreed to withdraw redemptions in connection with the Business Combination on any Common Stock, held by the Investor and to purchase additional Common Stock from redeeming stockholders of the Company such that the Investor will be the holder of no fewer than 11,111 shares of Common Stock.

On March 19, 2024 we entered into a settlement agreement with the Sponsor and SPAC Sponsor Capital Access ("SCAF") pursuant to which, among other things, we agreed to repay Sponsor’s debt to SCAF, related to the CLIN SPAC entity extensions, in the amount of $1.4 million and issue 9,000 shares of restricted common stock valued at $11.75 per share to SCAF.

D&O:

In connection with the Business Combination Closing, the Company entered into indemnification agreements (each, an "Indemnification Agreement") with its directors and executive officers. Each Indemnification Agreement provides for indemnification and advancements by the Company of certain expenses and costs if the basis of the indemnitee’s involvement in a matter was by reason of the fact that the indemnitee is or was a director, officer, employee, or agent of the Company or any of its subsidiaries or was serving at the Company’s request in an official capacity for another entity, in each case to the fullest extent permitted by the laws of the State of Delaware.

On April 25, 2024, Joseph E. Duey, the Company’s Chief Financial Officer, resigned, effective as of April 30, 2024. Mr. Duey advised the Company that his decision to step down from the role of Chief Financial Officer was not based on any disagreement with the Company on any matter relating to its operations, policies or practices. Mr. Duey is pursuing outside interests not in the renewable energy industry. Vincent Browne, the Company’s Chief Executive Officer, is acting as interim Chief Financial Officer. The Company will be seeking a suitable replacement in due course.

On May 15, 2024, Mohammed Javade Chaudhri, a Class I director of the Company, resigned from the Company’s Board of Directors (the "Board") effective immediately. Mr. Chaudhri’s decision to resign from the Board is solely for personal reasons and is not the result of any disagreement with the Company’s operations, policies or procedures, or any disagreements in respect of accounting principles, financial statement disclosure, or any issue impacting on the committees of the Board on which he served.

On September 26, 2024, the Company held a special meeting of stockholders at which the Company’s stockholders elected John McQuillan as a director.

On December 31, 2024, Ms. Gita Shah resigned as Chief Sustainability Officer of the Company, effective immediately. The resignation of Ms. Shah was not the result of any disagreements with the Company on any matter, including relating to the Company's operations, policies or practices.

On January 28, 2025, John McQuillan, a Class I director of Alternus Clean Energy, Inc. (the "Company"), notified the Company that they will resign from the Company's Board of Directors (the "Board") effective immediately. Mr. McQuillan's decision to resign from the Board is solely for personal reasons and is not the result of any disagreement with the Company's operations, policies or procedures, or any disagreements in respect of accounting principles or financial statement disclosure.

On January 28, 2025, Rolf S. Wikborg was elected to the Board effective immediately. The Board assessed the independence of Mr. Wikborg under the Company's Corporate Governance Guidelines and the independence standards under Nasdaq rules and has determined that Mr. Wikborg is independent. Along with their appointment, Mr. Wikborg was appointed to serve on the Audit Committee, as well as the Chair of the Compensation Committee, and as a member of the Nominating and Corporate Governance Committee of the Company, effective immediately. Mr. Wikborg will serve as an independent director until the Company's 2025 annual meeting of stockholders.

Consulting Agreements:

On May 15, 2021 VestCo Corp., a company owned and controlled by our Chairman and CEO, Vincent Browne, entered into a Professional Consulting Agreement with one of our US subsidiaries under which it pays VestCo a monthly fee of $16,000. This agreement has a five-year initial term and automatically extends for additional one year terms unless otherwise unilaterally terminated. Effective January 1, 2025 this agreement was assigned to the Company and amended such that VestCo's monthly fee increased by $10,000.

In July of 2023, John Thomas, one of our directors, entered into a Consulting Services Agreement with one of our US subsidiaries under which it pays Mr. Thomas a monthly fee of $11,000. This agreement has a five year initial term and automatically extends for additional one year terms unless otherwise unilaterally terminated. Effective January 1, 2025 this agreement was assigned to the Company and amended such that Mr. Thomas' monthly fee was increased by $8,090.

Series A Super Voting Preferred:

On February 18, 2025, the board of directors declared the formation of and approved the issuance of an aggregate of 1 share of Series A Super Voting Preferred Stock, par value $0.0001 per share ("Series A"). On February 18, 2025, the Company issued the 1 share of Series A to Mr. Vincent Browne, our CEO. On March 21, 2025 the Company filed an Amended and Restated Certificate of Designation of its Series A, such that 10,000 shares are designated as Series A and issued to Mr. Vincent Browne and each share of the Series A is entitled to have the right to vote in an amount equal to 10,000 votes per share, voting with the common stock on all matters as a single class. On April 24, 2025 the Company issued an additional 50,000 shares of Series A to Mr. Browne.

Family Relationships

No family relationship exists between any of Alternus' directors and executive officers. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a director or member of senior management.

Director Independence

We use the definition of "independence" of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the company or any other individual having a relationship, which, in the opinion of the Company's Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be considered independent if:

- The director is, or at any time during the past three years was, an employee of the company;
- The director or a family member of the director accepted any compensation from the company in excess of $120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- A family member of the director is, or at any time during the past three years was, an executive officer of the company;
- The director or a family member of the director is a partner in, controlling shareholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exclusions);
- The director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or
- The director or a family member of the director is a current partner of the company's outside auditor, or at any time during the past three years was a partner or employee of the company's outside auditor, and who worked on the company's audit.

Under such definitions, two of our directors can be considered independent.

Policy Concerning Related Person Transactions

Alternus' board of directors adopted a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we had a related person were or will be participants and the amount involved exceeds $120,000 or 1% of the average of our total assets as of the end of our last two completed fiscal years, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, management's recommendation with respect to the proposed related person transaction and the extent of the related person's interest in the transaction.

All of the transactions described in this section were entered into prior to the adoption of this policy.

Item 14. Principal Accounting Fees and Services

Audit and Non-Audit Fees

BDO USA, LLP (n/k/a BDO USA, P.C.) ("BDO") served as the independent registered public accounting firm to audit our books and accounts for the fiscal year ending December 31, 2022 and provided audit services up to the Business Combination Closing date, December 22, 2023.

Mazars USA LLP ("Mazars") served as the independent registered public accounting firm to audit our combined books and accounts for the fiscal year ending December 31, 2023.

From June 1, 2024 Forvis Mazars, LLP ("Forvis Mazars") served as the independent registered public accounting firm to audit our books and accounts for the fiscal year ending December 31, 2024 and provided audit services up to November 5, 2024.

On November 5, 2024, the Company's Audit Committee dismissed Forvis Mazars as the Company's independent registered public accounting firm. Also on November 5, 2024, the Company's Audit Committee approved, and the Company's Board of Directors (the "Board") ratified, the engagement of Kreit & Chiu CPA, LLP (the "New Auditor"), and appointed the New Auditor as the Company's independent registered public accounting firm as of November 5, 2024.

The table below presents the aggregate fees billed for professional services rendered by Mazars US, BDO and KC for the years ended December 31, 2024 and 2023.

	2024	2023
Audit fees	$	$
Kreit & Chiu CPA LLP	501,500	-
BDO USA LLP	-	231,014
Mazars USA LLP	435,223	1,167,963
Forvis Mazars LLP	274,581	
Audit-related fees	-	-
All other fees	-	-
Total fess	$ 1,211,304	$ 1,398,977

In the above table, "audit fees" are fees billed for services provided related to the audit of our annual financial statements, quarterly reviews of our interim financial statements, and services normally provided by the independent accountant in connection with regulatory filings or engagements for those fiscal periods. "Audit-related fees" are fees not included in audit fees that are billed by the independent accountant for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. These audit-related fees also consist of the review of our registration statements filed with the SEC and related services normally provided in connection with regulatory filings or engagements. "All other fees" are fees billed by the independent accountant for products and services not included in the foregoing categories.

Pre–Approval Policy of Services Performed by Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre–approve all audit and non–audit related services, tax services and other services. Pre–approval is generally provided for up to one year, and any pre–approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated the pre–approval authority to its chairperson when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre–approval and the fees for the services performed to date.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report:

(1) The financial statements are filed as part of this Annual Report under "Item 8. Financial Statements and Supplementary Data."

(2) The financial statement schedules are omitted because they are either not applicable or the information required is presented in the financial statements and notes thereto under "Item 8. Financial Statements and Supplementary Data."

(3) The exhibits listed in the following Exhibit Index are filed, furnished or incorporated by reference as part of this Annual Report.

(b) Exhibits

Exhibit No.	Description
2.1†	Business Combination Agreement by and among Clean Earth Acquisitions Corp., Alternus Energy Group and Clean Earth Acquisitions Sponsor LLC, dated October 12, 2022 (incorporated by reference to Exhibit 2.1 to Clean Earth Acquisitions Corp.'s Current Report on Form 8-K (File No. 000-1883984), filed with the Securities and Exchange Commission on October 12, 2022)
2.2	First Amendment to the Business Combination Agreement dated April 12, 2023 (incorporated by reference to Exhibit 2.1 to Clean Earth Acquisitions Corp.'s Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on April 18, 2023)
2.3†	Amended and Restated Business Combination Agreement dated December 22, 2023 (incorporated by reference to Exhibit 2.3 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
3.1	Third Amended and Restated Certificate of Incorporation of Alternus Clean Energy, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current

	Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
3.2	Amended and Restated Bylaws of Alternus Clean Energy, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
3.3	Amended And Restated Certificate of Designation of Rights, Preferences and Privileges of Series A Super Voting Preferred Stock (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on March 27, 2025)
4.1	Form of Specimen Common Stock Certificate of Alternus Clean Energy, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
4.2**	Alternus Clean Energy, Inc. Description of Securities
10.1	Warrant Agreement dated December 22, 2023, by and among the Company and SCM Tech LLC (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.2	Warrant Agreement dated December 22, 2023, by and among the Company and SCM Tech LLC (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December, 22 2023)
10.3	Form of Warrant Certificate that was issued by the Registrant to Clean Earth Acquisitions Sponsor LLC (incorporated by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1 (File No. 333-276630), filed with the Securities and Exchange Commission on January 19, 2024)
10.4	Employment Agreement by and among Vincent Browne and AEG JD 03 LTD dated December 22, 2023 (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.5	Consulting Services Agreement by and among VestCo Corp and Alternus Energy Americas Inc. dated May 15, 2021 (incorporated by reference to Exhibit 10.13 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.6	Employment Agreement by and among Taliesin Durant and the Company dated December 22, 2023 (incorporated by reference to Exhibit 10.15 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.7	Employment Agreement by and among Gary Swan and Solis Bond Company DAC dated March 31, 2021 (incorporated by reference to Exhibit 10.16 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.8	Employment Agreement by and among David Farrell and JD 03 Ltd dated October 5, 2021 (incorporated by reference to Exhibit 10.17 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.9	Employment Agreement by and among Larry Farrell and Solis Bond Company DAC dated September 1, 2022 (incorporated by reference to Exhibit 10.18 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.10	Investor Rights Agreement by and among the Company, Clean Earth Acquisitions Sponsor and Alternus Energy Group Plc dated October 12, 2022 (incorporated by reference to Exhibit 10.2 to Clean Earth Acquisitions Corp.'s Current Report on Form 8-K (File No. 000-1883984), filed with the Securities and Exchange Commission on October 12, 2022)
10.11	Alternus Clean Energy, Inc. 2023 Equity Incentive Plan (incorporated by reference to Exhibit 10.20 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.12	Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on September 30, 2024.

10.13	Forward Purchase Agreement by and among Clean Earth Acquisitions Corp., Meteora Capital Partners, LP, Meteora Select Trading Opportunities Master, L.P. and Meteora Strategic Capital, LLC dated December 3, 2023 (incorporated by reference to Exhibit 10.1 to Clean Earth Acquisitions Corp.'s Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 4, 2023)
10.14	Non-Redemption Agreement by and among Clean Earth Acquisitions Corp., the Clean Earth Acquisitions Sponsor LLC, and the investor named therein dated December 18, 2023 (incorporated by reference to Exhibit 10.22 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.15	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.23 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
10.16	Form of Securities Purchase Agreement, by and between the Company and the Investor. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on October 3, 2024)
10.17	Form of Registration Rights Agreement, by and between the Company and the Investor. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on October 3, 2024)
10.18	Form of Voting Agreement. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on October 3, 2024)
10.19	Forbearance Agreement, by and between the Company and the Investor. (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on October 3, 2024)
10.20	Form of Note Purchase Agreement, dated December 4, 2024 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 10, 2024)
10.21	Asset Purchase Agreement, by and among BESS LLC and LiiON LLC dated December 11, 2024 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 12, 2024)
10.22	Voluntary Adjustment Notice, dated December 2, 2024, by and between the Company and the Investor (incorporated by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 (File No. 333-283575), filed with the Securities and Exchange Commission on December 3, 2024)
10.23	Exclusive Consulting Agreement Form (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 12, 2024)
10.24	Mutual Termination Agreement, dated December 31, 2024, by and between the Company and Seller (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on January 7, 2025)
10.25	Form of Securities Purchase Agreement. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on January 24, 2025)
10.26	Form of Placement Agency Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on January 24, 2025)
10.27	Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on January 24, 2025)
10.28	Form of Lock-up Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on January 24, 2025)
10.29	Form of Note. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
10.30	Form of Private Placement Warrant. (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
10.31	Form of Note Purchase Agreement, by and between the Company and the Investor. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)

10.32	Letter Agreement by and between the Company and the Investor. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
10.33	Rescission and Release Agreement dated May 1, 2025 by and between the Company and LiiON, LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
10.34	Consulting Agreement dated May 1, 2025 by and between the Company and Assure Power LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
10.35	Settlement Agreement and Stipulation dated April 28, 2025 by and between the Company and Southern Point Capital Corporation (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No.001-41306), filed with the Securities and Exchange Commission on May 2, 2025)
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Registrant's Current Report on Form 8-K (File No. 001-41306), filed with the Securities and Exchange Commission on December 22, 2023)
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K (File No. 001-41306), filed with the Securities and Exchange Commission on April 15, 2024
21.1**	Subsidiaries List
31.1**	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Clawback Policy (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K (File No. 001-41306), filed with the Securities and Exchange Commission on April 15, 2024
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† Certain exhibits and schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(b)(2). The Company agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon its request.

# Indicates management contract or compensatory plan or arrangement.

** Filed herewith

Item 16. Form 10-K Summary

The Company has elected not to include summary information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 6, 2025

ALTERNUS CLEAN ENERGY, INC.

By: */s/ Vincent Browne*
Vincent Browne
Chairman, Chief Executive Officer and Interim Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on [*], 2025.

Signature	Title	Date
/s/ Vincent Browne **Vincent Browne**	Chairman, Chief Executive Officer (Principal Executive Officer) and Interim Chief Financial Officer (Principal Financial and Accounting Officer)	June 6, 2025
/s/ Aaron T. Ratner **Aaron T. Ratner**	Director	June 6, 2025
/s/ Nicholas Parker **Nicholas Parker**	Director	June 6, 2025
/s/ Tone Bjornov **Tone Bjornov**	Director	June 6, 2025
/s/ Rolf Wikborg **Rolf Wikborg**	Director	June 6, 2025
/s/ *John Thomas* **John Thomas**	Director	June 6, 2025

Exhibit 4.2

ALTERNUS CELAN ENERGY, INC.

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The Company's Third Amended and Restated Certificate of Incorporation (the "Company Charter") authorizes the issuance of 601,000,000 shares, consisting of 600,000,000 shares of common stock and 1,000,000 shares of preferred stock. As of June 5, 2025, there are 119,718,354 shares of common stock outstanding and 60,000 shares of Series A Super Voting Preferred Stock outstanding.

<u>Common Stock</u>

Voting Rights

Except as otherwise provided by law or as otherwise provided in any certificate of designation for any series of preferred stock, the holders of common stock will possess all voting power for the election of our directors and all other matters requiring stockholder action and will at all times vote together as one class on all matters submitted to a vote of the stockholders of the Company. Holders of common stock will been titled to one vote per share on matters to be voted on by stockholders and will not have the right to cumulate votes in the election of directors.

Dividend Rights

Holders of common stock will be entitled to receive dividends and distributions and other distributions in cash, stock or property of the Company when, as and if declared thereon by our board of directors from time to time out of assets or funds of the Company legally available therefor.

Liquidation, Dissolution and Winding Up

Holders of common stock will be entitled to receive the assets and funds of the Company available for distribution in the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, after the rights of the holders of the preferred stock, if any, have been satisfied.

Preemptive or Other Rights

Under the Company charter, our common stockholders will have no preemptive or other subscription rights and there will be no sinking fund or redemption provisions applicable to our common stock.

Election of Directors

Our board of directors is divided into three classes, with only one class of directors being elected in each year and each class (except for those directors appointed prior to the first annual meeting of stockholders of the Combined Company) generally serving a term of three years. Class I directors will serve until the first annual meeting of stockholders following the effectiveness of the Company Charter, Class II directors will serve until the second annual meeting of stockholders following the effectiveness of the Company Charter and Class III directors will serve until the third annual meeting of stockholders pursuant to the Company Charter.

<u>Preferred Stock</u>

The Company Charter provides that shares of preferred stock may be issued from time to time in one or more series. Our board of directors will be authorized to establish the number of shares to be included in such series, and fix the voting powers, full or limited, or no voting power of the shares of such series, and the designation, preferences and relative, participating, optional or other special rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof, applicable to the shares of each series. Our board of directors will be able, without stockholder approval, to issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of our board of directors to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of the Combined Company or the removal of management of the combined company. Although we do not currently intend to issue any shares of preferred stock, we cannot assure you that we will not do so in the future.

Series A Super Voting Preferred Stock

There are currently 60,000 shares of Series A Super Voting Preferred Stock (the "Series A") issued to Mr. Vincent Browne, the Company's Chief Executive Officer and Interim Chief Financial Officer.

Each share of the Series A is entitled to have the right to vote in an amount equal to 10,000 votes per share, voting with the common stock on all matters as a single class. Each share of Series A has a par value of $0.0001 per share. The Series A is not convertible into, or exchangeable for, shares of any other class or series of stock or other securities of the Company. The Series A has no stated maturity and is not subject to any sinking fund. The holders of Series A shall not be entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Company.

Warrants

Public Warrants

There are currently outstanding an aggregate of 460,000 Public Warrants, which entitle the holder to acquire common stock of the Company.

Each Public Warrant entitles the registered holder to purchase one share of common stock at a price of $287.50 per share, subject to adjustment as provided herein, at any time commencing 30 days after the completion of the Business Combination, except as discussed in the immediately succeeding paragraph. Pursuant to the warrant agreement, a Public Warrant holder may exercise its Public Warrants only for a whole number of shares of common stock. This means only a whole Public Warrant may be exercised at a given time by a Public Warrant holder. No fractional warrants will be issued upon separation of the units and only whole warrants will trade. The Public Warrants will expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

Redemption of warrants for cash when the price per share of common stock equals or exceeds $450.00.

Once the warrants become exercisable, we may redeem the outstanding warrants (except the Sponsor Warrants and any warrants underlying additional units issued to our Sponsor, officers or directors payment of working capital loans made to us):

- in whole and not in part;
- at a price of $0.25 per Public Warrant;
- upon a minimum of 30 days' prior written notice of redemption to each Public Warrant holder; and
- if, and only if, the reported last sale price of our common stock equals or exceeds $450.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations), for any 20 trading days within a 30 trading day period commencing at any time after the warrants become exercisable and ending three business days before we send the notice of redemption.

The right to exercise will be forfeited unless the Public Warrants are exercised prior to the redemption date. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's Public Warrant upon surrender of such warrant.

We will not redeem the Public Warrants as described above unless a registration statement under the Securities Act covering the sale of the common stock issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period or we require the warrants to be exercised on a cashless basis as described below. If and when the warrants become redeemable by us, we may not exercise our redemption right if the issuance of common stock upon exercise of the warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect such registration or qualification. If we call the Public Warrants for redemption for cash as described above, we will have the option to require all holders that wish to exercise Public Warrants to do so on a "cashless basis." In determining whether to require all holders to exercise their warrants on a "cashless basis," we will consider, among other factors, our cash position, the number of Public Warrants that are outstanding and the dilutive effect on our stockholders of issuing the maximum number of shares of our common stock issuable upon the exercise of our Public Warrants. To exercise Public Warrants on a cashless basis, each holder would pay the exercise price by surrendering the Public Warrants in exchange for a number of shares of our common stock equal to the quotient obtained by dividing(i) the product of (A) the number of shares of our common stock underlying the Public Warrants, and(B) the difference between the "fair market value" and the exercise price of the Public Warrants by (ii) such fair market value. Solely for purposes of the preceding sentence, "fair market value" shall mean the 10-day average trading price as of the date on which the notice of exercise is received by the warrant agent. We will not redeem the Public Warrants as described above unless a registration statement under the Securities Act covering the issuance of the shares of common stock issuable upon exercise of the Public Warrants is then effective and a current prospectus relating to those shares of common stock is available throughout the 30-day redemption period. If and when the Public Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the foregoing conditions are satisfied and we issue a notice of redemption of the Public Warrants, each Public Warrant holder will be entitled to exercise his, her or its Public Warrant prior to the scheduled redemption date. However, the price of the shares of common stock may fall below the $450.00 redemption trigger price (as may be adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a Public Warrant) as well as the $287.50 (for whole shares) exercise price after the redemption notice is issued.

No fractional shares of common stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, we will round down to the nearest whole number of the number of shares of common stock to be issued to the holder. If, at the time of redemption, the Public Warrants are exercisable for a security other than the shares of Class stock pursuant to the warrant agreement, the Public Warrants may be exercised for such security. At such time as the Public Warrants become exercisable for a security other than the shares of common stock, the Company (or surviving company) will use its commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the Public Warrants.

Redemption Procedures. A holder of a Public Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Public Warrant, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the warrant agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the shares of common stock issued and outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments. If the number of outstanding shares of common stock is increased by a capitalization or share dividend paid in shares of common stock to all or substantially all holders of shares of common stock, or by a split-up of shares of common stock or other similar event, then, on the effective date of such capitalization or share dividend, split-up or similar event, the number of shares of common stock issuable on exercise of each Public Warrant will be increased in proportion to such increase in the outstanding shares of common stock. A rights offering made to all or substantially all holders of common stock entitling holders to purchase shares of common stock at a price less than the "historical fair market value" (as defined below) will be deemed a share dividend of a number of shares of common stock equal to the product of (i) the number of shares of common stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of common stock) and (ii) one minus the quotient of (x) the price per common stock paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for shares of common stock, in determining the price payable for shares of common stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) "historical fair market value "means the volume weighted average price of shares of common stock as reported during the 10trading day period ending on the trading day prior to the first date on which the shares of common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the Public Warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to all or substantially all of the holders of the shares of common stock on account of such shares of common stock (or other securities into which the Public Warrants are convertible), other than (a) as described above, (b) any cash dividends or cash distributions which, when combined on a per share basis with all other cash dividends and cash distributions paid on the shares of common stock during the 365-day period ending on the date of declaration of such dividend or distribution does not exceed $12.50 (as adjusted to appropriately reflect any other adjustments and excluding cash dividends or cash distributions that resulted in an adjustment to the exercise price or to the number of shares of common stock issuable on exercise of each Public Warrant) but only with respect to the amount of the aggregate cash dividends or cash distributions equal to or less than $12.50 per share,(c) to satisfy the redemption rights of the holders of shares of common stock in connection with a proposed initial business combination, (d) to satisfy the redemption rights of the holders of shares of common stock in connection with a shareholder vote to amend our amended and restated certificate of incorporation (A) to modify the substance or timing of our obligation to provide holders of our shares of common stock the right to have their shares redeemed in connection with our Business Combination or to redeem 100% of our public shares if we do not complete the Business Combination within the completion window or (B) with respect to any other provision relating to the rights of holders of our shares of common stock, (e) as a result of the repurchase of shares of common stock by us if a proposed initial business combination is presented to our stockholders for approval, or (f) in connection with the redemption of our public shares upon our failure to complete our initial business combination, then the exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of common stock in respect of such event.

If the number of outstanding shares of common stock is decreased by a consolidation, combination, reverse share split or reclassification of shares of common stock or other similar vent, then, on the effective date of such consolidation, combination, reverse share split, reclassification or similar event, the number of shares of common stock issuable on exercise of each Public Warrant will be decreased in proportion to such decrease in outstanding shares of common stock.

The exercise price and number of shares of common stock issuable upon the exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or our recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of common stock at a price below their respective exercise prices.

The Public Warrants will be issued in registered form under a warrant agreement between Equiniti Trust Company, LLC, as warrant agent, and us. The warrant agreement provides that the terms of the Public Warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correct any mistake, including to conform the provisions of the warrant agreement to the description of the terms of the Public Warrants and the warrant agreement set forth in the prospectus for our IPO, or defective provision, (ii) removing or reducing the Company's ability to redeem the Public Warrants or (iii) adding or changing any provisions with respect to matters or questions arising under the warrant agreement as the parties to the warrant agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the Public Warrants in any material respect. The warrant agreement may be amended by the parties thereto with the vote or written consent of the registered holders of the Public Warrants of at least 50% of the then outstanding Public Warrants and Sponsor Warrants, voting together as a single class, to allow for the Public Warrants to be or continue to be, as applicable, classified as equity in the Company's financial statements. All other modifications or amendments, including any modification or amendment to increase the exercise price or shorten the exercise period, (a) with respect to the terms of the Public Warrants or any provision of the warrant agreement with respect to the Public Warrants, will require the vote or written consent of the registered holders of the warrants of at least 50% of the then outstanding Public Warrants and (b) with respect to the terms of the Sponsor Warrants or any provision of the warrant agreement with respect to the Sponsor Warrants will require the vote or written consent of at least 50% of the then Sponsor Warrants. You should review a copy of the warrant agreement, which was filed as an exhibit to the registration statement on form S-1, for a complete description of the terms and conditions applicable to the Public Warrants.

The Public Warrants may be exercised upon surrender of the Public Warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified or official bank check payable to us, for the number of Public Warrants being exercised. The Public Warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their Public Warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the Public Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional Public Warrants will be issued upon separation of the units and only whole Public Warrants will trade. If, upon exercise of the Public Warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round down to the nearest whole number the number of shares of common stock to be issued to the Public Warrant holder.

We have agreed that, subject to applicable law, any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. See "*Risk Factors - Our warrant agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of our warrants and rights, which could limit the ability of warrant holders or right holders to obtain a favorable judicial forum for disputes with our Company.*" This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum.

Sponsor Warrants

There are currently outstanding an aggregate of 17,800 Sponsor Warrants, which entitle the holder to acquire common stock of the Company.

The Sponsor Warrants have terms and provisions that are identical to those of the Public Warrants which were sold as part of the units in the IPO, except that: (i) they will not be redeemable by us, (ii) they may be exercised for cash or on a cashless basis (iii) they (along with the common stock issuable upon exercise of the Sponsor Warrants) are entitled to registration rights, as described below and (iv) the initial purchasers have agreed not to transfer, assign or sell any of the Sponsor Warrants (or the shares of common stock and Sponsor Warrants included therein), until 30 days after the completion of the Business Combination. The Sponsor Warrants will not become public warrants as a result of any transfer of the Sponsor Warrants, regardless of the transferee. Any amendment to the terms of the Sponsor Warrants or any provision of the warrant agreement with respect to the Sponsor Warrants will require the vote or written consent of at least 50% of the then outstanding Sponsor Warrants.

If holders of the Sponsor Warrants elect to exercise them on a cashless basis, they would pay the exercise price by exchanging their warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and of the "historical fair market value" (defined below) by (y) the historical fair market value. For these purposes, the "historical fair market value" shall mean the average reported closing price of the shares of common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

SCM Tech Warrants

There are currently outstanding an aggregate of 19,600 SCM Tech Warrants which entitle the holder to acquire common stock of the Company.

There are 12,000 SCM Tech 1 Warrants which have an exercise price of $0.25 per share. There are 4,000 SCM Tech 2 Warrants which have an exercise price of $287.50 per share. The SCM Tech 1 & 2 Warrants have a term of ten years and may be exercised at any time on or prior to December 2033. There are 3,600 SCM Tech 3 warrants exercisable at $0.25 per share with a five-year term that expire on February 5, 2029.

The SCM Warrants are exercisable at any time at the option of the holder. The Company determined that the Warrants meet the conditions for equity classification. The exercise price and number of the shares issuable under the SCM Tech Warrants are subject to customary adjustments for certain stock dividends, stock splits, subsequent rights offerings, pro rata distributions or certain equity structure changes.

3i Warrants

There are currently outstanding an aggregate of 36,493,105 3i Warrants which entitle the holder to acquire common stock of the Company.

There are 2,493,105 3i Warrants which have an exercise price of $1.00 per share and a term of 5 and ½ years, and consist of the following: 1,155,600 of these warrants expire on October 20, 2029, 425,571 of these warrants expire on April 1, 2030, 325,257 of these warrants expire on April 21, 2030, 455,967 of these warrants expire on May 12, 2030, and 130,710 of these warrants expire on June 5, 2030.

3i also holds warrants to purchase up to 34,000,000 shares of the Company's common stock at an exercise price of $0.03 per share. This warrant is exercisable immediately and will expire on October 28, 2030.

The 3i Warrants are exercisable at any time at the option of the holder. The Company determined that the Warrants meet the conditions for equity classification. The exercise price and number of the shares issuable under the 3i Warrants are subject to customary adjustments for certain stock dividends, stock splits, subsequent rights offerings, pro rata distributions or certain equity structure changes.

Maxim Warrants

There are currently outstanding an aggregate of 152,823 Maxim Warrants which entitle the holder to acquire common stock of the Company.

There are 9,644 warrants which have an exercise price of $13.18 per share, which are exercisable at any time on or after October 19, 2024 and will expire on July 31, 2027. There are also a total of 66,876 warrants exercisable at $2.20 per share, which consists of the following: 21,278 exercisable at any time on or after April 1, 2025 and will expire on December 19, 2027; 16,263 exercisable at any time on or after April 21, 2025 and will expire on December 19, 2027; 22,799 exercisable at any time on or after May 12, 2025 and will expire on December 19, 2027; 6,536 exercisable at any time on or after June 5, 2025 and will expire on December 19, 2027.

Maxim also holds warrants to purchase up to 76,303 shares of the Company's common stock at an exercise price of $0.4059 per share, exercisable at any time after July 23, 2025 and expiring on January 23, 2030.

The Company determined that the Maxim Warrants meet the conditions for equity classification. The exercise price and number of the shares issuable under these warrants are subject to customary adjustments for certain stock dividends, stock splits, subsequent rights offerings, pro rata distributions or certain equity structure changes.

Anti-Takeover Effects of Provisions of the Company Charter, the Bylaws and Applicable Law

Certain provisions of the Company Charter, Bylaws, and laws of the State of Delaware, where the Company is incorporated, may discourage or make more difficult a takeover attempt that a stockholder might consider in his or her best interest. These provisions may also adversely affect prevailing market prices for the Company's common stock. The Company believes that the benefits of increased protection give the Company the potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure the Company and outweigh the disadvantage of discouraging those proposals because negotiation of the proposals could result in an improvement of their terms.

Authorized but Unissued Shares

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the Nasdaq, which would apply if and so long as the Company's common stock remains listed on the Nasdaq require stockholder approval of certain issuances equal to 20% or more of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be issued for a variety of corporate purposes, including future public offerings, to raise additional capital, or to facilitate acquisitions. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of the Company by means of a proxy contest, tender offer, merger, or otherwise.

Number of Directors

The Company Charter and the Bylaws provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors may be fixed from time to time pursuant to a resolution adopted by our board of directors. The current number of directors is set at six.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

The Bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. In order to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide the Company with certain information. Generally, to be timely, a stockholder's notice must be received at the Company's principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the immediately preceding annual meeting of stockholders. The Bylaws also specify requirements as to the form and content of a stockholder's notice. The Bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay, or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Dissenters' Rights of Appraisal and Payment

The DGCL, provides that, the Company's stockholders would have appraisal rights in connection with a merger or consolidation of the Company under certain circumstances. If appraisal rights were available, pursuant to the DGCL, stockholders who complied with certain requirements would have had the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery. However, there are no appraisal rights available in connection with the business combination.

Stockholders' Derivative Actions

Under the DGCL, any of the Company's stockholders may bring an action in the Company's name to procure a judgment in the Company's favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of the Company's shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Transfer Agent, Warrant Agent and Registrar

The Transfer Agent for the Company's capital stock is Equiniti Trust Company, LLC. The Company will agree to indemnify Equiniti Trust Company, LLC in its roles as Transfer Agent and warrant agent, its agents and each of its stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence, willful misconduct or bad faith of the indemnified person or entity.

Listing of Common Stock

Our common stock is listed on Nasdaq under the symbol "ALCE".

Transfer Agent

The transfer agent for our common stock and public warrants is Equiniti Trust Company, LLC.

Exhibit 21.1

Subsidiary	Principal Activity	Date Acquired/Established	ALTN Ownership	Country of Operations
Alternus Europe Limited f/k/a AEG JD 03 Limited	Holding Company	March 21, 2022	Alternus Lux 01 S.a.r.l.	Ireland
AEG MH 04 Limited	Holding Company	January 16, 2024	Alternus Lux 01 S.a.r.l.	Ireland
Alternus LUX 01 S.a.r.l.	Holding Company	October 5, 2022	Alternus Clean Energy, Inc.	Luxembourg
ALT POL HC 02 sp z.o.o.	Holding Company	January 20, 2023	Alternus Europe Limited	Poland
ALT Alliance LLC	Holding Company	September 15, 2023	Alternus Clean Energy, Inc.	USA
Alantean LLC	Holding Company	April 10, 2024	ALT Alliance LLC (51%)	USA
BESS LLC	Holding Company	December 10, 2024	Alternus Clean Energy, Inc.	USA
EverOn Energy LLC	Holding Company	March 24, 2025	Alternus Clean Energy, Inc.	USA

Exhibit 31.1

CERTIFICATION

I, Vincent Browne, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alternus Clean Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2025

By: */s/ Vincent Browne*

Name: Vincent Browne
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Vincent Browne, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alternus Clean Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) [omitted];

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2025

By: */s/ Vincent Browne*

Name: Vincent Browne
Title: Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Alternus Clean Energy, Inc. (the " **Company**") for the period ending December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 6, 2025

By: */s/ Vincent Browne*
Name: Vincent Browne
Title: Chief Executive Officer
(Principal Executive Officer) And
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)