REFINITIV

DELTA REPORT

10-Q

CLEAN EARTH ACQUISITIONS

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2366
CHANGES	15
DELETIONS	1049
ADDITIONS	1302

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

☒

Form 10-Q
(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended September 30, 2023

☐

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2024

or

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

For the transition period from

FOR THE TRANSITION PERIOD FROM _________ to __________

Commission file number:

COMMISSION FILE NUMBER 001-41306

ALTERNUS CLEAN ENERGY, INC.

(Exact name of registrant as specified in its charter)

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

CLEAN EARTH ACQUISITIONS CORP. 360 Kingsley Park Drive, Suite 250
Fort Mill, South Carolina

(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 Number)

12600 Hill Country Blvd, Building R, Suite 275

Bee Cave, Texas | **78738**

(Address of Principal Executive Offices)

principal executive offices) (Zip Code)

(Zip Code)

(800) 508-1531

(Issuer's Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	CLIN ALCE	The Nasdaq Stock Market LLC
Warrants, each whole warrant exercisable for one share of Class A Common Stock	CLINW	The Nasdaq Stock Market LLC
Rights to acquire one-tenth (1/10) of one share of Class A Common Stock	CLINR	The Nasdaq Stock Market LLC
Units, each consisting of one share of Class A Common Stock, $0.0001 par value per share, one Right and one-half of one redeemable Warrant	CLINU	The Nasdaq Stock Market LLC

Check Indicate by check mark whether the issuer 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 past 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 ☐

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 ☐

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", filer," "accelerated filer", filer," "smaller reporting company", company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒☒
No ☐

As of November 14, 2023 May 21, 2024, there were 9,037,563 the registrant had a total of 81,396,664 shares of Class A its common stock, $0.0001 par value and 7,666,667 shares of Class B common stock, $0.0001 par value, per share, issued and outstanding.

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ALTERNUS CLEAN EARTH ACQUISITIONS CORP. ENERGY, INC.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. All statements contained in this Quarterly Report on Form 10-Q other than statements of historical facts, including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, in "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC, as well as in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no duty to update any of these forward-looking statements after completion of this Quarterly Report on Form 10-Q to conform these statements to actual results or revised expectations.

PART I -

ITEM 1. FINANCIAL INFORMATION STATEMENTS

Item 1. Condensed Financial Statements.

ALTERNUS CLEAN ENERGY, INC. AND SUBSIDIARIES

CLEAN EARTH ACQUISITIONS CORP.

UNAUDITED CONDENSEDCONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	September 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	$ 9,266	$ 630,460
Prepaid expenses	259,034	298,172
Other receivable	—	7,462
Marketable securities held in Trust Account	86,038,091	235,586,028
Total current assets	86,306,391	236,522,122
Total Assets	**$ 86,306,391**	**$ 236,522,122**
LIABILITIES, CLASS A COMMON STOCK SUBJECT TO POSSIBLE REDEMPTION AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accrued expenses	$ 688,939	$ 613,653
Income and franchise taxes payable	31,215	849,331
Accrued legal expenses	992,045	572,307
Accounts payable	171,267	47,919
Accrued offering costs	542,981	542,981
Promissory note – related party	1,703,500	806,170
Deferred underwriter fee payable	805,000	4,427,500
Total current liabilities	4,934,947	7,859,861
Total Liabilities	**4,934,947**	**7,859,861**
Commitments and Contingencies		
Class A Common Stock Subject to Possible Redemption		
Class A common stock subject to possible redemption; $0.0001 par value; 100,000,000 shares authorized; 8,147,563 and 23,000,000 shares issued and outstanding at redemption value as of September 30, 2023 and December 31, 2022, respectively	86,038,091	235,586,028
Stockholders' Deficit		

Preferred shares, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Class A common stock, $0.0001 par value, 100,000,000 shares authorized; 890,000 shares issued and outstanding (excluding 8,147,563 and 23,000,000 shares subject to possible redemption as of September 30, 2023 and December 31, 2022, respectively)	89	89
Class B common stock, $0.0001 par value, 10,000,000 shares authorized; 7,666,667 shares issued and outstanding	767	767
Additional paid-in capital	—	—
Accumulated deficit	(4,667,503)	(6,924,623)
Total Stockholders' Deficit	**(4,666,647)**	**(6,923,767)**
TOTAL LIABILITIES, CLASS A COMMON STOCK SUBJECT TO POSSIBLE REDEMPTION AND STOCKHOLDERS' DEFICIT	**$ 86,306,391**	**$ 236,522,122**

(Unaudited)

	As of March 31 2024	**As of December 31 2023**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,381	$ 4,618
Accounts receivable, net	2,119	651
Unbilled energy incentives earned	6,048	5,607
Prepaid expenses and other current assets	3,023	3,344
Taxes recoverable	683	631
Restricted cash	841	19,161
Current discontinued assets held for sale	-	80,943
Total Current Assets	**14,095**	**114,955**
Property and equipment, net	61,605	61,302
Right of use asset	1,303	1,330
Other receivable	1,000	1,483
Capitalized development cost and other long-term assets, net	6,351	6,216
Total Assets	**$ 84,354**	**$ 185,286**
LIABILITIES AND SHAREHOLDER" EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 10,494	$ 5,084
Accrued liabilities	19,032	24,410
Taxes payable	13	14
Deferred income	6,048	5,607
Operating lease liability	177	175
Green bonds	87,264	166,122
Convertible and non-convertible promissory notes, net of debt issuance costs	30,615	31,420
Due to affiliate	1,046	-

Current discontinued liabilities held for sale	-	14,259
Total Current Liabilities	**154,689**	**247,091**
Operating lease liability, net of current portion	1,188	1,252
Asset retirement obligations	196	197
Total Liabilities	**156,073**	**248,540**
Shareholders' Deficit		
Preferred stock, $0.0001 par value, 1,000,000 authorized as of March 31, 2024 and December 31, 2023. 0 issued and outstanding as of March 31, 2024 and December 31, 2023.	-	-
Common Stock, $0.0001 par value, 150,000,000 authorized as of March 31, 2024 and December 31, 2023; 81,396,664 issued and outstanding as of March 31, 2024 and 71,905,363 issued and outstanding as of December 31, 2023.	8	7
Additional paid in capital	28,223	27,874
Foreign Currency Translation Reserve	(4,156)	(2,924)
Accumulated deficit	(95,794)	(88,211)
Total Shareholders' Deficit	**(71,719)**	**(63,254)**
Total Liabilities and Shareholders' Deficit	**$ 84,354**	**$ 185,286**

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

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ALTERNUS CLEAN EARTH ACQUISITIONS CORP. ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED **CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
(in thousands, except share and per share data)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Franchise tax expense	$ 50,000	50,000	$ 150,000	$ 150,000
Bank fees	—	390	7,462	767
Insurance expense	106,518	106,521	319,559	253,621
Dues and subscriptions	8,766	5,900	169,314	62,831
Marketing and advertising expenses	21,627	58,387	37,422	71,331
Legal and accounting expenses	672,962	334,967	1,049,820	1,016,032
Placement services fee	—	500,000	—	500,000
Listing fee, general and administrative expenses	18,084	—	52,971	—
Loss from operations	**(877,957)**	**(1,056,165)**	**(1,786,548)**	**(2,054,582)**
Other income:				
Dividend income on marketable securities held in Trust Account	1,107,180	261,381	4,216,253	596,440
Realized gains on marketable securities held in Trust Account	—	877,634	1,663,187	877,634
Interest income on operating account	2	—	40	—
Other income	**1,107,182**	**1,139,015**	**5,879,480**	**1,474,074**
Income (loss) before provision for income taxes	**229,225**	**82,850**	**4,092,932**	**(580,508)**
Provision for income taxes	(222,009)	(228,946)	(853,922)	(278,308)
Net income (loss)	**$ 7,216**	**$ (146,096)**	**$ 3,239,010**	**$ (858,816)**
Basic and diluted weighted average shares outstanding, redeemable Class A common stock	8,147,563	23,000,000	16,036,220	18,113,553
Basic and diluted net income (loss) per share, redeemable Class A common stock	**$ 0.07**	**$ 0.01**	**$ 0.23**	**$ 0.58**

Basic and diluted weighted average shares outstanding, non-redeemable Class A and Class B common stock	8,556,667	8,556,667	8,556,667	8,107,815
Basic and diluted net (loss) income per share, non-redeemable Class A and Class B common stock	**$ (0.07)**	**$ (0.04)**	**$ (0.06)**	**$ (1.40)**

(Unaudited)

	Three Months Ended March 31	
	2024	**2023**
Revenues	$ 2,180	$ 3,846
Operating Expenses		
Cost of revenues	(834)	(1,015)
Selling, general and administrative	(3,747)	(1,725)
Depreciation, amortization, and accretion	(568)	(842)
Development Costs	(7)	(111)
Total operating expenses	(5,156)	(3,693)
Income/(loss) from operations	(2,976)	153
Other income/(expense):		
Interest expense	(4,984)	(3,468)
Fair value movement of FPA Asset	(483)	-
Other expense	(223)	(40)
Other income	7	-
Total other expenses	(5,683)	(3,508)
Loss before provision for income taxes	(8,659)	(3,355)
Income taxes	-	-
Net loss from continuing operations	**(8,659)**	**(3,355)**
Discontinued operations:		
Loss from operations of discontinued business component	(1,074)	(1,897)
Gain on sale of discontinued business components	2,150	-
Net income/(loss) from discontinued operations	1,076	(1,897)
Net loss for the period	**$ (7,583)**	**$ (5,252)**
Net loss attributable to common stockholders, basic	(8,659)	(3,355)
Net loss per share attributable to common stockholders, basic	(0.13)	(0.06)
Net loss per share attributable to common stockholders, diluted	(0.13)	(0.06)
Weighted-average common stock outstanding, basic	65,077,094	57,500,000
Weighted-average common stock outstanding, diluted	65,077,094	57,500,000
Comprehensive loss:		

Net loss	$ (7,583)	$ (5,252)
Foreign currency translation adjustment	(1,232)	(104)
Comprehensive loss	**$ (8,815)**	**$ (5,356)**

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

ALTERNUS CLEAN EARTH ACQUISITIONS CORP. ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK SUBJECT TO POSSIBLE SHAREHOLDERS' EQUITY (DEFICIT)

REDEMPTION AND STOCKHOLDERS' DEFICIT

(in thousands, except share amounts)

	Class A Common Stock Subject to Possible Redemption		Class A Common Stock		Class B Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance – December 31, 2022	**23,000,000**	**$ 235,586,028**	**890,000**	**$ 89**	**7,666,667**	**$ 767**	**$ —**	**$ (6,924,623)**	**$ (6,923,767)**
Remeasurement of Class A common stock to redemption value	—	2,409,648	—	—	—	—	—	(2,409,648)	(2,409,648)
Net income	—	—	—	—	—	—	—	1,873,417	1,873,417
Balance – March 31, 2023	**23,000,000**	**237,995,676**	**890,000**	**89**	**7,666,667**	**767**	**—**	**(7,460,854)**	**(7,459,998)**
Redemption of Class A common stock	(14,852,437)	(154,152,327)	—	—	—	—	—	—	—
Deferred underwriter fee payable forfeiture	—	—	—	—	—	—	—	3,622,500	3,622,500
Remeasurement of Class A common stock to redemption value	—	1,097,561	—	—	—	—	—	(1,097,561)	(1,097,561)
Net income	—	—	—	—	—	—	—	1,358,377	1,358,377
Balance – June 30, 2023	**8,147,563**	**84,940,910**	**890,000**	**89**	**7,666,667**	**767**	**—**	**(3,577,538)**	**$ (3,576,682)**
Remeasurement of Class A common stock to redemption value	—	1,097,181	—	—	—	—	—	(1,097,181)	(1,097,181)

Net income	—	—	—	—	—	—	—	7,216	7,216
Balance – September 30, 2023	**8,147,563**	**$ 86,038,091**	**890,000**	**$ 89**	**7,666,667**	**$ 767**	**$ —**	**$ (4,667,503)**	**$ (4,666,647)**

(Unaudited)

	Class A Common Stock Subject to Possible Redemption		**Class A Common Stock**		**Class B Common Stock**		**Additional Paid-in Capital**	**Accumulated Deficit**	**Total Stockholders' Deficit**
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**			
Balance — December 31, 2021	**—**	**$ —**	**—**	**$ —**	**7,666,667**	**$ 767**	**$ 24,233**	**$ (2,546)**	**$ 22,454**
Issuance of Class A common stock in initial public offering	23,000,000	192,766,854	—	—	—	—	23,227,765	—	23,227,765
Sale of private placement units	—	—	890,000	89	—	—	8,899,911	—	8,900,000
Remeasurement of Class A common stock to redemption value	—	39,554,524	—	—	—	—	(32,151,909)	(7,402,615)	(39,554,524)
Net loss	—	—	—	—	—	—	—	(240,003)	(240,003)
Balance — March 31, 2022	**23,000,000**	**232,321,378**	**890,000**	**89**	**7,666,667**	**767**	**—**	**(7,645,164)**	**(7,644,308)**
Remeasurement of Class A common stock to redemption value	—	313,681	—	—	—	—	—	(313,681)	(313,681)
Net loss	—	—	—	—	—	—	—	(472,717)	(472,717)
Balance – June 30, 2022	**23,000,000**	**232,635,059**	**890,000**	**89**	**7,666,667**	**767**	**—**	**(8,431,562)**	**(8,430,706)**
Remeasurement of Class A common stock to redemption value	—	1,139,015	—	—	—	—	—	(1,139,015)	(1,139,015)
Net loss	—	—	—	—	—	—	—	(146,096)	(146,096)
Balance – September 30, 2022	**23,000,000**	**$ 233,774,074**	**890,000**	**$ 89**	**7,666,667**	**$ 767**	**$ —**	**$ (9,716,673)**	**$ (9,715,817)**

	Preferred Stock		Common Stock		Additional Paid-In	Foreign Currency Translation	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	Reserve	Deficit	Equity
Balance at January 1, 2023	**-**	**$ -**	**57,500,000**	**$ 6**	**$ 19,797**	**$ (3,638)**	**$ (18,747)**	**$ (2,582)**
Distribution to stockholder	-	-	-	-	(1,853)	-	-	(1,853)
Contribution from stockholder	-	-	-	-	2,015	-	-	2,015
Foreign currency translation adjustment	-	-	-	-	-	(104)	-	(104)
Net Loss	-	-	-	-	-	-	(5,252)	(5,252)
Balance at March 31, 2023	**-**	**$ -**	**57,500,000**	**$ 6**	**$ 19,959**	**$ (3,742)**	**$ (23,999)**	**$ (7,776)**

	Preferred Stock		Common Stock		Additional Paid-In	Foreign Currency Translation	Accumulated	Total Shareholders'
	Shares	Amount	Shares	Amount	Capital	Reserve	Deficit	Equity
Balance at January 1, 2024	**-**	**$ -**	**71,905,363**	**$ 7**	**$ 27,874**	**$ (2,924)**	**$ (88,211)**	**$ (63,254)**
Settlement of Related Party Debt for Shares	-	-	7,990,000	1	9,836	-	-	9,837
Conversion of Debt	-	-	1,320,000	-	1,029	-	-	1,029
Merger Costs – Settlement of Related Party Debt and Conversion of Debt	-	-	-	-	(10,633)	-	-	(10,633)
Stock Compensation for Third Party Services	-	-	181,301	-	117	-	-	117
Foreign currency translation adjustment	-	-	-	-	-	(1,232)	-	(1,232)
Net Loss	-	-	-	-	-	-	(7,583)	(7,583)

Balance at March 31, 2024	**-**	**$**	**-**	**81,396,664**	**$**	**8**	**$**	**28,223**	**$**	**(4,156)**	**$**	**(95,794)**	**$**	**(71,719)**

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

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ALTERNUS CLEAN EARTH ACQUISITIONS CORP. ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(in thousands, except share and per share data)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash Flows from Operating Activities:		
Net income (loss)	$ 3,239,010	$ (858,816)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Dividend income	—	(596,440)
Realized gains on marketable securities held in Trust Account	(1,663,187)	(877,634)
Gain on extinguishment of liabilities	—	(4,000)
Changes in operating assets and liabilities:		
Prepaid expenses	39,138	(393,588)
Accounts payable	123,348	17,171
Accrued expenses	75,286	504,108
Income and franchise taxes payable	(818,116)	428,308
Accrued legal expenses	419,738	515,356
Other receivables	7,462	(19,189)
Net cash provided by (used in) operating activities	**1,422,679**	**(1,284,724)**
Cash Flows from Investing Activities:		
Proceeds from marketable securities held in Trust Account	629,455,679	233,355,939
Purchase of marketable securities held in Trust Account	(474,775,971)	(233,355,939)
Dividends reinvested in marketable securities held in Trust Account	(3,629,603)	—
Investment of cash in Trust Account	—	(232,300,000)
Contributions to Trust Account	161,019	—
Net cash provided by (used in) investing activities	**151,211,124**	**(232,300,000)**
Cash Flows from Financing Activities:		
Payment of Class A common stock redemptions	(154,152,327)	—
Proceeds from promissory note – related party	897,330	450,000

Proceeds from issuance of units	—	230,000,000
Proceeds from sale of private placement units	—	8,900,000
Payment of underwriting discount	—	(4,600,000)
Payment of promissory note – related party	—	(225,000)
Proceeds from related party receivable	—	189
Payment of deferred offering costs	—	(628,714)
Net cash (used in) provided by financing activities	**(153,254,997)**	**233,896,475**
Net Change in Cash	**(621,194)**	**311,751**
Cash – Beginning	630,460	33,912
Cash – Ending	**$ 9,266**	**$ 345,663**
Non-Cash Investing and Financing Activities:		
Remeasurement of Class A common stock subject to possible redemption	$ 4,604,390	$ 41,007,220
Deferred underwriter fee payable	$ —	$ 8,050,000
Waiver of deferred underwriter fee payable	$ 3,622,500	$ —
Deferred offering costs included in accrued offering costs	$ —	$ 23,588
Supplemental Cash Flow Information:		
Cash paid for taxes	$ 1,855,000	$ —

(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Cash Flows from Operating Activities		
Net loss from continuing operations	$ (8,659)	$ (3,355)
Adjustments to reconcile net income/(loss) to net cash provided used in operations:		
Depreciation, amortization and accretion	568	842
Amortization of debt discount	698	1,117
Credit loss expense	(3)	-
Share-based compensation to third parties	117	-
Gain (loss) on foreign currency exchange rates	64	113
Fair value movement of FPA Asset	483	-
Loss on disposal of asset	1,348	-
Non-cash operating lease assets	(8)	31
Changes in assets and liabilities:		
Accounts receivable and other short-term receivables	(89)	2,056
Prepaid expenses and other assets	199	(491)
Accounts payable	2,155	278
Accrued liabilities	(3,292)	599
Operating lease liabilities	(48)	(11)
Payable to affiliate	1,039	-

Net Cash provided by (used in) Operating Activities	**$ (5,428)**	**$ 1,179**
Net Cash provided by (used in) Operating Activities - Discontinued Operations	**(2,085)**	**(805)**
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,486)	(124)
Sales of property and equipment	67,540	107
Capitalized Cost	(228)	(241)
Construction in Process	(340)	(770)
Net Cash provided by (used in) Investing Activities	**$ 65,486**	**$ (1,028)**
Net Cash provided by (used in) Investing Activities - Discontinued Operations	**-**	**(52)**
Cash Flows from Financing Activities:		
Proceeds from debt	1,109	1,396
Debt Issuance Cost	(315)	(130)
Payments of debt principal	(77,682)	-
Distributions to parent	-	(403)
Contributions from parent	253	1,074
Net Cash provided by (used in) Financing Activities	**$ (76,635)**	**$ 1,937**
Net Cash provided by (used in) Financing Activities - Discontinued Operations	**(3,151)**	**(325)**
Effect of exchange rate on cash	(528)	215
Net increase (decrease) in cash, cash equivalents and restricted cash	**$ (22,341)**	**$ 1,121**
Cash, cash equivalents, and restricted cash beginning of the year	24,563	7,747
Cash, cash equivalents, and restricted cash end of the year	**$ 2,222**	**$ 8,868**
Cash Reconciliation		
Cash and cash equivalents	1,381	2,090
Restricted cash	841	6,778
Cash, cash equivalents, and restricted cash end of the year	**$ 2,222**	**$ 8,868**

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

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

	Three Months Ended March 31,	
	2024	**2023**
	(in thousands)	
Supplemental Cash Flow Disclosure		
Cash paid during the period for:		
Interest (net of capitalized interest of 47 and 64 respectively)	5,287	1,920
Taxes	526	777
Non-cash financing activities:		
Shares issued for settlement of debt	9,836	-
Shares issued for conversion of debt	1,029	-
Shares issued for stock compensation to third parties	117	-

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

Note

1. Description of Organization and Business Operations Formation

Alternus Clean Earth Acquisitions Corp. Energy, Inc. (the "Company") was incorporated in Delaware on May 14, 2021. The Company is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (the "Business Combination").

As of September 30, 2023, the Company had not commenced any operations. All activity through September 30, 2023, relates to the Company's formation and the initial public offering ("Initial Public Offering"), which is described below, and following the Initial Public Offering, identifying a target company for a Business Combination. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of dividend income and realized gains from the proceeds derived from the Initial Public Offering placed in the Trust Account (described below).

The registration statement for the Company's Initial Public Offering was declared effective on February 23, 2022 (the "Effective Date"). On February 28, 2022, the Company consummated the Initial Public Offering of 23,000,000 Units at $10.00 per Unit, generating gross proceeds of $230,000,000. Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 890,000 Private Placement Units (the "Private Units") at a price of $10.00 per Private Unit in a private placement with originally known as Clean Earth Acquisitions Sponsor, LLC (the "Sponsor" Corp. ("Clean Earth") generating proceeds of $8,900,000 from the sale of the Private Units. .

Following the closing of the Initial Public Offering on February 28, 2022, $232,300,000 ($10.10 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Units was placed in a trust account ("Trust Account"), located in the United States which have been invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), with a maturity of 185 days or less or in money market funds selected by the Company meeting the conditions of Rule 2a-7(d) of the Investment Company Act, which invest only in direct U.S. government treasury obligations, until the earlier of: (i) the completion of a Business Combination, (ii) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company's amended and restated certificate of incorporation, and (iii) the redemption of the Company's Public Shares if the Company is unable to complete the initial Business Combination by the Termination Date (defined below).

On October 12, 2022, we Clean Earth entered into a Business Combination Agreement, (the "Business Combination Agreement") with Alternus Energy Group Plc (the "Seller" or "Alternus"). Pursuant to the Business Combination Agreement, we will acquire as amended by that certain subsidiaries of the Seller, for up to 90,000,000 shares. Initially, we will issue 55,000,000 shares at closing (subject to a working capital adjustment capped at 1,000,000 additional shares) plus up to 35,000,000 shares subject to certain earn-out provisions, which will be deposited in escrow and will be released if certain conditions are met.

On April 12, 2023, the Company entered into the 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"), which amends and as amended and restated by that certain provisions 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 Agreement.

The Business Combination Agreement had contemplated that the Company would issue to the Seller a number of shares of Class A common stock valued at $10 per share equal to $550,000,000 plus or minus an estimated working capital adjustment (which will be not greater or less than $10,000,000), of which 1,000,000 shares of Class A common stock will be deposited into a working capital escrow account to satisfy any post-closing working capital adjustments. The First Amendment amended on December 22, 2023. In accordance with the Business Combination Agreement, by reducing Clean Earth issued and transferred 57,500,000 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 $550,000,000 amount to $275,000,000.

In addition, issued and outstanding equity interests in the Acquired Subsidiaries (as defined in the Business Combination Agreement had contemplated that 35,000,000 shares of Class A common stock would be deposited into an earnout escrow account Agreement) (the “Equity Exchange,” and will be released, in whole or part, to together with the Seller if certain earnout milestones are met. The First Amendment amended the Business Combination Agreement by (i) reducing the 35,000,000 shares to 20,000,000 shares and (ii) modifying the earnout milestones as provided in the First Amendment.

The closing of 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 only pre-combination assets were cash and investments and the SPAC did not meet the definition of a business in accordance with U.S. 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 forty-two operating subsidiaries as of March 31, 2024:

Subsidiary	**Principal Activity**	**Date Acquired / Established**	**ALCE Ownership**	**Country of Operations**
Power Clouds S.r.l.	SPV	31 March 2015	Solis Bond Company DAC	Romania
F.R.A.N. Energy Investment S.r.l.	SPV	31 March 2015	Solis Bond Company DAC	Romania
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
Solis Bond Company DAC	Holding Company	16 October 2020	AEG JD 03 Limited	Ireland
ALT US 03, LLC	LLC	4 May 2022	ALT US 03 LLC	USA
Alternus Energy Americas Inc.	Holding Company	10 May 2021	Alternus Energy Group Pl	USA
LJG Green Source Energy Beta S.r.l	SPV	29 July 2021	Solis Bond Company DAC	Romania
Ecosfer Energy S.r.l.	SPV	30 July 2021	Solis Bond Company DAC	Romania
Lucas EST S.r.l.	SPV	30 July 2021	Solis Bond Company DAC	Romania
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
ALT US 01 LLC	SPV	6 December 2021	Alternus Energy Americas Inc.	USA
AEG MH 01 Limited	Holding Company	8 March 2022	Alternus Lux 01 S.a.r.l.	Ireland
AEG MH 02 Limited	Holding Company	8 March 2022	AEG JD 03 Limited	Ireland
ALT US 02 LLC	Holding Company	8 March 2022	Alternus Energy Americas Inc.	USA
AEG JD 01 Limited	Holding Company	16 March 2022	AEG MH 03 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
AEG MH 03 Limited	Holding Company	10 June 2022	AEG MH 01 Limited	Ireland
Lightwave Renewables, LLC	SPV	29 June 2022	ALT US 02 LLC	USA
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
ALT US 04 LLC	Holding Company	14 September 2022	Alternus Energy Americas Inc.	USA
Alternus LUX 01 S.a.r.l.	Holding Company	5 October 2022	Alternus Energy Group Plc	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 Energy Amercias Inc.	USA
ALT US 05 LLC	Holding Company	September 2023	Alternus Energy Americas Inc.	USA
ALT US 06 LLC	Holding Company	October 2023	Alternus Energy Americas Inc.	USA
ALT US 07 LLC	Holding Company	November 2023	Alternus Energy Americas Inc.	USA

AEG MH 04 Limited	Holding Company	January 2024	AEG MH 04 Limited	Ireland
ALT US 08 LLC	Holding Company	January 2024	Alternus Energy Americas Inc.	USA
ALT US AM LLC	Holding Company	March 2024	Alternus Energy Americas Inc.	USA

2. Going Concern and Management's Plans

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the Condensed Consolidated Financial Statements are issued. Based on its recurring losses from operations since inception and continued cash outflows from operating activities (all as described below), the Company has concluded that there is substantial doubt about its ability to continue as a going concern for a period of one year from the date that these Condensed Consolidated Financial Statements were issued.

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 March 31, 2024, the Company had net loss from continuing operations of ($8.7) million and a net loss of ($3.4) million for the three months ended March 31, 2024 and 2023. The Company had total shareholders' equity/(deficit) of ($71.7) million as of March 31, 2024 and ($63.3) million at December 31, 2023. The Company had $1.4 million of unrestricted cash on hand as of March 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, 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.

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.

As of March 31, 2024, Solis 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. 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 the Maturity Date. 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. Additionally, Solis bondholders 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 EUR 10 million, and such assets will be divested to ensure repayment of up to EUR. 10 million should it not be fully repaid by the Maturity Date.

Additionally, because Solis was unable to fully repay the Solis Bonds 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 March 31, 2024 is currently €80.8 million (approximately $87.3 million). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of the Company's operating assets and related revenues and EBIDTA would be eliminated, and debt would be reduced by $87.3 million.

On October 16 2023, bondholders approved to further extend the temporary waiver to December 16, 2023. 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 March 12, 2024, the Solis Bondholders approved resolutions to further extend the temporary waivers and the maturity date until April 30, 2024 with the right to further extend to May 31, 2024 at the Bond Trustee's discretion, which it granted, and thereafter on a month-to-month basis to November 29, 2024 at the Bond Trustee's discretion and approval from a majority of Bondholders. As such, the Solis bond debt is currently recorded as short-term debt.

On December 28, 2023, Solis sold 100% of the share capital in its Italian subsidiaries for approximately €15.8 million (approximately $17.5 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). Additionally, on February 14, 2024, Solis exercised its call options to repay €59,100,000 million (approximately $68.5 million) of amounts outstanding under the bonds. Subsequently, on May 1, 2024 Solis made an interest payment of €1,000,000 (approx. $1,069,985.00) to the Bondholders, which is approximately 50% of the total interest due for the first quarter of 2024. The remaining interest amount is expected to be paid alongside, and in addition to, the next interest payment due July 6, 2024 from Solis' ongoing business operations. Solis will incur a late payment penalty in accordance with the Bond Terms, which will also be paid in July 2024.

On March 20, 2024, we received a letter from the Nasdaq Listing Qualifications Staff of The Nasdaq Stock Market LLC therein stating that for the 32 consecutive business day period between February 2, 2024 through March 19, 2024, the Common Stock had not maintained a minimum closing bid price of $1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company was provided an initial period of 180 calendar days, or until September 16, 2024 (the "Compliance Period"), to regain compliance with the Bid Price Rule. If the Company does not regain compliance with the Bid Price Rule by September 16, 2024, the Company may be eligible for an additional 180-day period to regain compliance. If the Company cannot regain compliance during the Compliance Period or any subsequently granted compliance period, the Common Stock will be subject to customary closing conditions delisting. At that time, the Company may appeal the delisting determination to a Nasdaq hearings panel. The notice from Nasdaq has no immediate effect on the listing of the Common Stock and the Common Stock will continue to be listed on The Nasdaq Capital Market under the symbol "ALCE." The Company is currently evaluating its options for regaining compliance. There can be no assurance that the Company will regain compliance with the Bid Price Rule or maintain compliance with any of the other Nasdaq continued listing requirements.

On May 6, 2024, the Company received a letter from the listing qualifications department staff of The Nasdaq Stock Market ("Nasdaq") notifying the Company that for the last 30 consecutive business days, the Company's minimum Market Value of Listed Securities ("MVLS") was below the minimum of $35 million required for continued listing on the Nasdaq Capital Market pursuant to Nasdaq listing rule 5550(b)(2). The notice has no immediate effect on the listing of the Company's common stock, and the Company's common stock continues to trade on the Nasdaq Capital Market under the symbol "ALCE." In accordance with Nasdaq listing rule 5810(c)(3)(C), the Company has 180 calendar days, or until November 4, 2024, to regain compliance. The notice states that to regain compliance, the Company's MVLS must close at $35 million or more for a minimum of ten consecutive business days (or such longer period of time as set forth the Nasdaq staff may require in some circumstances, but generally not more than 20 consecutive business days) during the compliance period ending November 4, 2024. If the Company does not regain compliance by November 4, 2024, Nasdaq staff will provide written notice to the Company that its securities are subject to delisting. At that time, the Company may appeal any such delisting determination to a Hearings Panel. The Company intends to actively monitor the Company's MVLS between now and November 4, 2024 and may, if appropriate, evaluate available options to resolve the deficiency and regain compliance with the MVLS rule. While the Company is exercising diligent efforts to maintain the listing of its common stock on Nasdaq, there can be no assurance that the Company will be able to regain or maintain compliance with Nasdaq listing standards.

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 on 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 Business Combination Agreement.

Table United States of ContentsAmerica (“U.S. GAAP”).

Concurrently

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. The consolidated financial statements should be read in conjunction with the execution Company’s audited consolidated financial statements and the related notes for the year ended December 31, 2023, contained in the Company’s Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”).

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. Early adoption is permitted. The Company is currently evaluating the impact on the financial statements and related disclosures.

4. Business Combination

As discussed in Note 1 – Organization and Formation, 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, Agreement, we 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 57,500,000 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, 23,000,000 rights to receive one-tenth (1/10) of one share of Class A common stock was exchanged for 2,300,000 shares of the Company’s common stock.
- In addition to shares issued to AEG noted above, 225,000 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 8,556,667 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 127,142 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 300,000 shares of Common Stock at an exercise price of $0.01 per share and warrants to purchase 100,000 shares of Common Stock at an exercise price of $11.50 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 2,796,554 shares of CLIN's common stock. Of the 2,796,554 shares, the FPA Investors purchased 1,300,320 shares of Common Stock and the Company issued an aggregate of 1,496,234 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	127,142
Exchange of public share rights held by CLIN shareholders for Alternus Clean Energy Inc. common stock	2,300,000
Issuance of Alternus Clean Energy, Inc. common stock to promissory note holders	400,000
Exchange of CLIN Class A common stock held by CLIN Sponsor for Alternus Clean Energy Inc. common stock	8,556,667
Subtotal - Business Combination, net of redemptions	11,383,809
Issuance of shares under the FPA	1,496,234
Shares purchased by the accredited investor under the FPA	1,300,320
Issuance of Alternus Clean Energy Inc. common stock to Alternus Energy Group Plc. on the Closing Date	57,500,000
Issuance of Alternus Clean Energy Inc. common stock to the CLIN Sponsor as a holder of CLIN convertible notes on the Closing Date	225,000
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.	71,905,363

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.

On December 3, 2023, the Company entered into (A) 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 2,796,554 (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 1,300,320 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 1,300,320 Recycled Shares, 1,496,234 additional shares and 2,796,554 total number of shares. The FPA provides for a prepayment shortfall in an amount in U.S. 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 $10.00 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 $10.00. Commencing June 22, 2024 the reset price will be 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. A Monte Carlo simulation model was used to determine the fair value. 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.

As of March 31, 2024, the Forward Purchase Agreement value was $0, as presented below:

	Fair Value Measurement			
	Level 1	**Level 2**	**Level 3**	**Total**
Forward Purchase Agreement	-	-	-	-
Total	**$ -**	**$ -**	**$ -**	**$ -**

REFINITIV

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

	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 March 31, 2024	**$ -**

The Company measures the forward purchase agreement using a Monte Carlo simulation valuation model using the following assumptions:

	Forward Purchase Agreement
Risk-free rate	4.5 %
Underlying stock price	$ 0.43
Expected volatility	92.7 %
Term	2.73 years
Dividend yield	0 %

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 services that have been performed for the customer but have yet to be invoiced. Accounts receivables and unbilled energy incentives consist of the following (in thousands):

	March 31 2024	December 31 2023
	(in thousands)	
Accounts receivable	$ 2,119	$ 651
Unbilled energy incentives earned	6,048	5,607
Total	**$ 8,167**	**$ 6,258**

7. Prepaid Expenses and Other Current Assets

Prepaid and other current expenses generally consist of amounts paid to vendors for services that have not yet been performed. Other receivable, prepaid expenses, and other current assets consist of the following (in thousands):

	March 31 2024	December 31 2023
	(in thousands)	
Prepaid expenses and other current assets	$ 2,501	$ 2,602
Accrued revenue	-	6
Other receivable	522	736
Total	**$ 3,023**	**$ 3,344**

8. Property and Equipment, Net

The components of property and equipment, net were as follows at March 31, 2024 and December 31, 2023 (in thousands):

	March 31 2024	December 31 2023
	(in thousands)	
Solar energy facilities	$ 55,737	$ 55,318
Land	500	511
Software and computers	6	-
Furniture and fixtures	207	210
Asset retirement	164	168
Construction in progress	12,705	12,421
Total property and equipment	69,319	68,628
Less: Accumulated depreciation	(7,714)	(7,326)
Total	**$ 61,605**	**$ 61,302**

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. Notes receivable and prepaids 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 cost and other long-term assets consisted of the following (in thousands):

	March 31 2024	December 31 2023
	(in thousands)	
Capitalized development cost	$ 6,351	$ 6,216
Other receivables	1,000	1,483
Total	**$ 7,351**	**$ 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 Cost consist of $2.1 million of active development in the U.S. and $4.3 million across Europe.

Other Receivables as of March 31, 2024 relates to a security deposit of $1.0 million in relation to the Power Purchase Agreement for a development project in Tennessee.

10. 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 1, 2023	**$ 5,607**
Green certificates received	2,030
Green certificates sold	(1,468)
Foreign exchange gain/(loss)	(121)

Deferred income – Balance March 31, 2024	**$ 6,048**

11. Accrued Liabilities

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

	March 31 2024	December 31 2023
	(in thousands)	
Accrued legal	$ 7,258	$ 8,684
Accrued interest	6,294	5,516
Accrued financing cost	2,397	3,537
Accrued construction expense	363	2,134
Accrued transaction cost - business combination	261	1,527
Accrued audit fees	150	800
Accrued payroll	215	148
Other accrued expenses	2,094	2,064
Total	**$ 19,032**	**$ 24,410**

12. 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 (in thousands):

	March 31 2024	December 31 2023
	(in thousands)	
Taxes recoverable	$ 683	$ 631
Less: Taxes payable	(13)	(14)
Total	**$ 670**	**$ 617**

13. Green Bonds, Convertible and Non-convertible Promissory Notes

The following table reflects the total debt balances of the Company as March 31, 2024 and December 31, 2023 (in thousands):

	As of March 31 2024	As of December 31 2023
	(in thousands)	
Senior Secured Green Bonds	$ 87,264	$ 166,122
Senior Secured debt and promissory notes secured	31,523	32,312
Total debt	118,787	198,434
Less current maturities	(118,787)	(198,434)
Long term debt, net of current maturities	$ -	$ -
Current Maturities	$ 118,787	$ 198,434
Less current debt discount	(908)	(892)
Current Maturities net of debt discount	$ 117,879	$ 197,542

The Company incurred debt issuance costs of $0.9 million during the three month period ended March 31, 2024. 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 three months ended March 31, 2024 was $0.7 million and for the year ended December 31, 2023 was $4.9 million.

There was no interest expense stemming from amortization of debt discounts for discontinued operations for the three months ended March 31, 2024 and 2023, respectively.

All outstanding debt for the company is considered short-term based on their respective maturity dates and are to be repaid within the year 2024.

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 was further extended to May 31, 2024. Due to these addendums, $0.9 million of interest was recognized in the three months ended March 31, 2024. The Company had principal outstanding of $10.8 million and $11.0 million as of March 31, 2024 and December 31, 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 2.5% 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. The Company had principal outstanding of $5.4 million and $4.3 million as of March 31, 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 2.5% and due May 31, 2024. This note had a principal outstanding balance of $717 thousand as of March 31, 2024 and December 31, 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. The project is expected to start operating in Q1 2025. 100% of offtake is already secured by 30-year power purchase agreements with two regional utilities. The Company had a principal outstanding balance of $7.0 million as of March 31, 2024 and December 31, 2023, respectively. As of the date of this report this loan is currently in default, but management is in active discussions with the lender to renegotiate the terms.

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 bank loan having a six-month term and accruing 'Six Month Euribor' plus 2% margin, currently 5.9% interest. On January 24, 2024, the maturity date was extended to July 28, 2024. The portfolio consists of six projects totaling 24.4 MWp. This note had a principal outstanding balance of $3.2 million as of March 31, 2024 and December 31, 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. In March 2024, the Company began accruing interest at a rate of 10%. Additionally, 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. The Company had a principal outstanding balance of $1.8 million as of March 31, 2024 and $3.2 million as of December 31, 2023. As of the date of this report this loan is currently in default, but management is in active discussions with the lender to renegotiate the terms and expects a resolution in a timely manner.

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. The project is expected to start operating in Q2 2025. 100% of offtake is already secured by 30-year power purchase agreements with two regional utilities. This note had a principal outstanding balance of $1.1 million as of March 31, 2024 and December 31, 2023, respectively.

For the year ended December 31, 2023, 225,000 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 $5 per share for $1.1 million. The difference of $0.5 million was recognized as an addition to Additional Paid in Capital. The Company had a principal outstanding balance of $1.4 million as of March 31, 2024 and $1.6 million as of December 31, 2023. Management determined the extinguishment of this note is the result of a Troubled Debt Restructuring.

Convertible Promissory Notes:

In January 2024, the Company assumed a $938 thousand (€850 thousand) convertible promissory note from AEG PLC, a related party. The note had a 10% interest maturing in March 2025. The note was assumed 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 1,320,000 shares of restricted common stock.

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 March 31, 2024 and December 31, 2023, there was $87.3 million and $166.1 million outstanding on the Bond, respectively.

As of March 31, 2024, Solis 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. 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 the Maturity Date. 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. Additionally, Solis bondholders 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 EUR 10 million, and such assets will be divested to ensure repayment of up to EUR. 10 million should ts not be fully repaid by the Maturity Date.

Additionally, because Solis was unable to fully repay the Solis Bonds 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 March 31, 2024 is currently €80.8 million (approximately $87.3 million). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of the Company's 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. 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 March 12, 2024, the Solis Bondholders approved resolutions to further extend the temporary waivers and the maturity date until April 30, 2024 with the right to further extend to May 31, 2024 at the Bond Trustee's discretion, which it granted, and thereafter on a month-to-month basis to November 29, 2024 at the Bond Trustee's discretion and approval from a majority of Bondholders. As such, the Solis bond debt is currently recorded as short-term debt.

On December 28, 2023, Solis sold 100% of the share capital in its Italian subsidiaries for approximately €15.8 million (approximately $17.5 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). Additionally, on February 14, 2024, Solis exercised its call options to repay €59,100,000 million (approximately $68.5 million) of amounts outstanding under the bonds. Subsequently, on May 1, 2024 Solis made an interest payment of €1,000,000 (approx. $1,069,985.00) to the Bondholders, which is approximately 50% of the total interest due for the first quarter of 2024. The remaining interest amount will be paid alongside, and in addition to, the next interest payment due July 6, 2024 from Solis' ongoing business operations. Solis will incur a late payment penalty in accordance with the Bond Terms, which will also be paid in July 2024.

On December 21, 2022, the Company'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 an uncommitted revolving debt financing of €500,000,000 to finance eligible project costs for the acquisition, construction, and operation of installation/ready to build solar PV plants across Europe (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.

On March 21, 2024, ALCE and the Sponsor of Clean Earth (“CLIN”) agreed to a settlement of a $1.2 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 225,000 shares to the Sponsor 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 $0.47 on the date of issuance.

14. 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 4 to 28 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):

	March 31, 2024	December 31, 2023
Operating Lease - Operating Cash Flows (Fixed Payments)	75	189
Operating Lease - Operating Cash Flows (Liability Reduction)	61	129
New ROU Assets - Operating Leases	-	409
Weighted Average Lease Term - Operating Leases (years)	12.99	13.24
Weighted Average Discount Rate - Operating Leases	7.65 %	7.65 %

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 2051.

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.

Maturities of lease liabilities as of March 31, 2024 were as follows:

	(in thousands)
Five-year lease schedule:	
2024 Apr 1 – Dec 31	$ 154
2025	235
2026	241
2027	247
2028	215
Thereafter	2,021
Total lease payments	3,113
Less imputed interest	(1,748)
Total	$ 1,365

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

15. 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 May 4, 2023 Alternus received notice that Solartechnik, an international group specializing in solar installations, filed an arbitration claim against Alternus Energy Group PLC, Solis Bond Company DAC, and ALT POL HC 01 SP. Z.o.o. in the Court of Arbitration at the Polish Chamber of Commerce, claiming that PLN 24,980,589 (approximately $5.8 million) is due and owed to Solartechnik pursuant to a preliminary share purchase agreement by and among the parties that did not ultimately close, plus costs, expenses, legal fees and interest. The Company has accrued a liability for this loss contingency in the amount of approximately $6.8 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 Solartechnik 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 Company intends to vigorously defend this action.

Contingencies

Amendment to Agreement with Hover Energy, LLC

On October 31, 2023, the Company amended its agreement with Hover Energy, LLC to extend the remaining $500,000 of Prepaid Development Fees to June 30, 2024.

16. 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 three months ended March 31, 2024 and the year ended December 31, 2023 was 7.7%.

	Activity
ARO Liability - Balance January 1, 2023	$ 397
Additional obligations incurred	-
Disposals	(235)
Accretion expense	24
Foreign exchange gain/(loss)	11
ARO Liability - Balance December 31, 2023	**$ 197**
Additional obligations incurred	-
Disposals	-
Accretion expense	3
Foreign exchange gain/(loss)	(4)
ARO Liability -- March 31, 2024	**$ 196**

17. 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.

Miscellaneous development cost	$	7
Total	**$**	**7**

Miscellaneous development cost relates to cost associated with projects abandoned during various phases, due to lack of technical, legal, or financial feasibility.

18. Discontinued Operations Sold

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 6 PV parks in Poland and 1 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 $3.5 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 assets held for sale	$ 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 liabilities to be disposed of	$ 10,022	$ 11,548

Net assets held for sale	**$ 60,080**	**$ 58,555**

Poland	Three Months Ended March 31 2024	2023
	(in thousands)	
Revenues	$ 106	$ 1,105
Operating Expenses		
Cost of revenues	(101)	(936)
Depreciation, amortization, and accretion	(123)	(609)
Gain on disposal of asset	3,484	-
Total operating expenses	3,260	(1,545)
Income/(loss) from discontinued operations	3,366	(440)
Other income/(expense):		
Interest expense	(688)	(1,224)
Total other expenses	$ (688)	$ (1,224)
Income/(Loss) before provision for income taxes	$ 2,678	(1,664)
Net income/(loss) from discontinued operations	**$ 2,678**	**$ (1,664)**
Impact of discontinued operations on EPS		
Net income/(loss) attributable to common stockholders, basic	$ 2,678	$ (1,664)
Net income/(loss) attributable to common stockholders, diluted	2,678	(1,664)
Net income/(loss) per share attributable to common stockholders, basic	$ 0.04	$ (0.03)
Net income/(loss) per share attributable to common stockholders, diluted	0.04	(0.03)
Weighted-average common stock outstanding, basic	65,077,094	57,500,000
Weighted-average common stock outstanding, diluted	65,077,094	57,500,000

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 assets held for sale	$ 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 liabilities to be disposed of	$ 2,368	$ 2,711
Net assets held for sale	**$ 8,187**	**$ 8,129**

Netherlands	Three Months Ended March 31 2024	2023
	(in thousands)	
Revenues	$ 16	$ 202
Operating Expenses		
Cost of revenues	(115)	(61)
Depreciation, amortization, and accretion	(57)	(126)
Loss on disposal of asset	(1,334)	-
Total operating expenses	(1,506)	(187)
Income/(loss) from discontinued operations	(1,490)	15
Other income/(expense):		
Interest expense	(113)	(248)
Total other expenses	$ (113)	$ (248)
Loss before provision for income taxes	$ (1,603)	$ (233)
Net loss from discontinued operations	**$ (1,603)**	**$ (233)**
Impact of discontinued operations on EPS		
Net loss attributable to common stockholders, basic	$ (1,603)	$ (233)
Net loss attributable to common stockholders, diluted	(1,603)	(233)
Net loss per share attributable to common stockholders, basic	$ (0.02)	$ (0.00)
Net loss per share attributable to common stockholders, diluted	(0.02)	(0.00)
Weighted-average common stock outstanding, basic	65,077,094	57,500,000
Weighted-average common stock outstanding, diluted	65,077,094	57,500,000

19. Italy Sale Disclosure

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 cost associated with the sale. The remaining balances and results of the Italian assets not disposed are presented below:

Italy	As of March 31, 2024	Year Ended December 31, 2023
	(in thousands)	
Assets:		
Cash & cash equivalents	$ 87	$ 100
Other current assets	330	338
Other non-current assets	3,966	3,819
Total assets	$ 4,383	$ 4,257

Liabilities:		
Accounts payable	$ 17	$ 21
Other current liabilities	569	578
Total liabilities	$ 586	$ 599
Net assets	**$ 3,797**	**$ 3,658**

Italy	Three Months Ended March 31, 2024	2023
	(in thousands)	
Revenues	$ -	$ 655
Operating Expenses		
Cost of revenues	-	(262)
Selling, general, and administrative	(8)	(42)
Depreciation, amortization, and accretion	-	(410)
Total operating expenses	(8)	(714)
Loss from discontinued operations	(8)	(59)
Other income/(expense):		
Other expense	-	(36)
Total other expenses	$ -	$ (36)
Loss before provision for income taxes	$ (8)	$ (95)
Income taxes	-	-
Net loss from discontinued operations	**$ (8)**	**$ (95)**
Impact on EPS		
Net loss attributable to common stockholders, basic	$ (8)	$ (95)
Net loss attributable to common stockholders, diluted	(8)	(95)
Net loss per share attributable to common stockholders, basic	$ (0.00)	$ (0.00)
Net loss per share attributable to common stockholders, diluted	(0.00)	(0.00)
Weighted-average common stock outstanding, basic	65,077,094	57,500,000
Weighted-average common stock outstanding, diluted	65,077,094	57,500,000

20. Shareholders' Equity

Common Stock

As of December 31, 2023, the Company had a total of 150,000,000 shares of common stock authorized with 71,905,363 shares issued and outstanding. As of March 31, 2024, the Company had a total of 150,000,000 shares of common stock authorized with 81,396,664 shares issued and outstanding.

On January 23, 2024, the Company entered into a six-month marketing services agreement. The Company issued 81,301 shares at a market value of $1.01 in exchange for marketing services provided.

On February 20, 2024, the Company entered into a two-month marketing services agreement. The Company issued 100,000 shares at a market value of $0.35 for marketing services provided. This agreement has the potential of renewal for an additional three months upon mutual written consent.

Preferred Stock

As of March 31, 2024 and December 31, 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 March 31, 2024 and December 31, 2023. The board of directors of the Company has the authority to establish one or more series of preferred stock, fix the voting rights, if any, 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 12,345,000 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, the Company issued 90,000 additional penny warrants with a five year term to the noteholder with a five year term. As of March 31, 2024, warrants to purchase up to 12,435,000 shares of common stock were issued and outstanding.

	Warrants	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Years)**
Outstanding - December 31, 2022	11,945,000	$ 11.50	5.98
Issued during the quarter	-	-	-
Expired during the quarter	-	-	-
Outstanding – March 31, 2023	11,945,000	11.50	5.98
Exercisable – March 31, 2023	11,945,000	$ 11.50	5.98

	Warrants	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term (Years)**
Outstanding - December 31, 2023	12,345,000	$ 11.22	4.93
Issued during the quarter	90,000	0.01	0.03
Expired during the quarter	-	-	-
Outstanding – March 31, 2024	12,435,000	11.14	4.73
Exercisable – March 31, 2024	12,435,000	$ 11.14	4.73

21. Segment and Geographic Information

The Company has two reportable segments that consist of PV operations by geographical region, U.S. Operations and European Operations. European operations represent our most significant business. The Chief Operating Decision-Maker (CODM) is the CEO.

The European Segment derives revenues from three sources, Country Renewable Programs, Green Certificates and Long-term Offtake Agreements. The US Segment revenues are derived from Long-term Offtake Agreements.

In evaluating financial performance, we focus on EBITDA, a non-GAAP measure, as a segment's measure of profit or loss. 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 measures 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.

	Three Months Ended March 31	
Revenue by Segment	**2024**	**2023**
	(in thousands)	
Europe	$ 2,086	$ 3,828
Europe – Discontinued Operations	123	18
United States	93	1,307

Total for the period	**$ 2,302**	**$ 5,153**

Operating Loss by Segment	Three Months Ended March 31 2024	2023
	(in thousands)	
Europe	$ (2,908)	$ (4,310)
United States	(4,675)	(942)
Total for the period	**$ (7,583)**	**$ (5,252)**

Assets by Segment	As of March 31, 2024	As of December 31 2023
	(in thousands)	
Europe		
Fixed Assets	$ 42,209	$ 125,600
Other Assets	20,735	36,728
Total for Europe	**$ 62,944**	**$ 162,328**
United States		
Fixed Assets	$ 6,556	$ 5,119
Other Assets	14,854	17,839
Total for US	**$ 21,410**	**$ 22,958**

Liabilities by Segment	As of March 31, 2024	As of December 31, 2023
	(in thousands)	
Europe		
Debt	$ 99,686	$ 180,294
Other Liabilities	28,108	39,378
Total for Europe	**$ 127,794**	**$ 219,672**
United States		
Debt	$ 16,582	$ 17,247
Other Liabilities	11,697	11,621
Total for US	**$ 28,279**	**$ 28,868**

Revenue by Product Type	Three Months Ended March 31 2024	2023
	(in thousands)	
Country Renewable Programs (FIT)		
Europe	$ 29	$ 1,248
US	93	18
Total for the period	**$ 122**	**$ 1,266**
Green Certificates (FIT)		

Europe	$	1,575	$	1,880
US		-		-
Total for the period	**$**	**1,575**	**$**	**1,880**
Energy Offtake Agreements (PPA)				
Europe	$	605	$	2,007
United States		-		-
Total for the period	**$**	**605**	**$**	**2,007**

EBITDA by Segment	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)	
Europe	$ 2,258	$ 2,122
US	(2,827)	(857)
Total for the period	**$ (569)**	**$ 1,265**

Below is a reconciliation of net income to EBITDA and adjusted EBITDA for the periods presented:

EBITDA Reconciliation to Net Loss	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)	
Europe		
EBITDA	$ 2,258	$ 2,122
Depreciation, amortization, and accretion	(699)	(1,574)
Interest expense	(4,466)	(4,858)
Income taxes	-	-
Net Loss	**$ (2,907)**	**$ (4,310)**
US		
EBITDA	$ (2,827)	$ (857)
Depreciation, amortization, and accretion	(49)	(2)
Interest expense	(1,317)	(83)
Income taxes	-	-
Valuation on FPA Asset	(483)	-
Net Loss	**$ (4,676)**	**$ (942)**
Consolidated Net Loss	**$ (7,583)**	**$ (5,252)**

22. Income Tax Provision

The Company’s provision from income taxes for interim periods is determined using its effective tax rate expected to be applied for the full year. The Company’s effective tax rate was 0.0% for the three months ended March 31, 2024, and 0.0%, respectively for the same period in the prior year, as it maintains a full valuation allowance against its net deferred tax assets.

The Company assesses the realizability of the deferred tax assets at each reporting date. The Company continues to maintain a full valuation allowance for its net deferred tax assets. If certain substantial changes in the entity’s ownership occur, there may be an annual limitation on the amount of the carryforwards that can be utilized. The Company will continue to assess the need for a valuation allowance on its deferred tax assets.

23. Related Party

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

AEG:

Alternus Energy Group Plc ("AEG") was an eighty percent (80%) shareholder of the Company as of December 22, 2023 and as of December 31, 2023. 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.

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 1,320,000 shares of restricted common stock.

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 and resulted in a decrease of AEG's ownership of the Company from 80% to 72%.

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, with the sponsor and the Seller The Sponsor agreed, pursuant to which the sponsor agreed 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; 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 (B) 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 225,000 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 277,778 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 225,000 shares of restricted common stock valued at $0.47 per share to SCA.

D&O:

In connection with the Business Combination Closing, the Company entered into indemnification agreements (each, an Investor Rights "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.

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.

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.

	Three Months Ended March 31,	
Transactions with Directors	**2024**	**2023**
	(in thousands)	
Loan from Vestco, a related party to Board member and CEO Vincent Browne	$ -	$ 210
Total	**$ -**	**$ 210**

	Three Months Ended March 31,	
Director's remuneration	**2024**	**2023**
	(in thousands)	
Remuneration in respect of services as directors	$ 362	$ 74
Remuneration in respect to long term incentive schemes	-	-
Total	**$ 362**	**$ 74**

24. Subsequent Events

Management has evaluated subsequent events that have occurred through May 21, 2024, which is the sponsor date the financial statements were available to be issued and has determined that there were no subsequent events that required recognition or disclosure in the financial statements as of and for the period ended March 31, 2024, except as disclosed below.

On April 19, 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 senior convertible note in the principal amount of $2,160,000, issued with an eight percent (8.0%) original issue discount (the “Convertible Note”), and a warrant (the “Warrant”) to purchase up to 2,411,088 shares of the Company’s common stock at an exercise price of $0.480 per share (the “Exercise Price”). 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 and bears interest at a rate of seven percent (7%) per annum. 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 in the Convertible Note) 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 Seller, effective date of the initial registration statement 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) exists pursuant to the Convertible Note, the Company may pay all or a portion of the Installment Amount with shares of its common stock based on the Installment Conversion Price, which provides is the lower of (i) the Conversion Price (as defined in the Convertible Note) 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) $0.07.

Additionally on April 19, 2024, Maxim Group LLC served as the sole placement agent (the “Placement Agent”) and the Company agreed to issue the Placement Agent a warrant to purchase up to an aggregate of 241,109 shares of Common Stock (the “Placement Agent Warrant”) at an exercise price of $0.527 per share, which Placement Agent Warrant is exercisable at any time on or after the six-month anniversary of the closing date of the Private Placement and will expire on the third (3rd) anniversary of the effective date if the registration statement registering the underlying warrant shares. In addition to the Placement Agent Warrant, the Company agreed to (i) pay the Placement Agent a cash fee of 7.0% of the gross proceeds received by the Company from the Investor, and (ii) reimburse up to $50,000 of Maxim’s reasonable accountable expenses.

On April 24, 2024, AEG PLC, a 71.8% shareholder of the Company and related party, transferred 100,000 shares of ALCE common stock to an institutional third party, resulting in a decrease in AEG’s ownership of the Company by 0.1%.

On April 25, 2024 Joseph E. Duey, the Company’s Chief Financial Officer, resigned, effective as of April 30, 2024. Mr. Duey will be available to the Company on an as needed basis until May 31, 2024 to provide transitional services and otherwise assist as needed. Mr. Duey has 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, will act as interim Chief Financial Officer. The Company will be seeking a suitable replacement in due course.

On April 30, 2024 AEG and Solis Bond Company, an indirect wholly owned subsidiary and related party, announced that the Bond Trustee granted a technical extension of the Maturity Date until 31 May 2024. As was previously disclosed on 26 February 2024, the Bond Trustee, with approval from a majority of the Bondholders, may further extend the Bonds on a month to month basis to 29 November 2024. On May 1, 2024 Solis made an interest payment of EUR 1,000,000 (€1 million) to the Bondholders, which is approximately 50% of the total interest due for certain governance requirements, registration rights the first quarter of 2024. The remaining interest amount will be paid alongside, and in addition to, the next interest payment due 6 July 2024 from Solis’ ongoing business operations. Solis will incur a lockup agreement. late payment penalty in accordance with the Bond Terms, which will also be paid on 6 July 2024.

On April 30, 2024, ALT US 01 LLC ("ALT"), an indirect wholly owned subsidiary and related party, entered into a Membership Interest Purchase and Sale Agreement (the "MIPA") by and among ALT and C2 Taiyo Fund I, LP ("C2"). Pursuant to the MIPA C2 will sell to ALT 100% of the membership interests in Taiyo Holding LLC ("Target"). The Target owns a portfolio of special purchase vehicles (SPVs) which own and operate a portfolio of solar parks across the United States, with a maximum total production capacity of approximately 80.7 MWp. In exchange, ALT will pay to C2 a Purchase Price (as defined in the MIPA) of approximately $60.2 million, minus debt, for a net purchase price of approximately $15 million, plus net working capital, and which may be further subject to adjustments pursuant to the terms and conditions of the MIPA, and subject to meeting all of the conditions precedent and other applicable terms and conditions of the MIPA. While the MIPA contemplates that closing of the transactions contemplated acquisition will take place by no later than June 30, 2024 or such later date as the Business Combination Agreement is Parties to the MIPA may agree in writing, the conditions precedent to closing are such that there can be no assurance that the acquisition will be completed in that time or at all. The Company expects to use a mix of debt and equity funding for the purchase of the assets.

On May 6, 2024, the Company received a letter from the listing qualifications department staff of The Nasdaq Stock Market ("Nasdaq") notifying the Company that for the last 30 consecutive business days, the Company's minimum Market Value of Listed Securities ("MVLS") was below the minimum of $35 million required for continued listing on the Nasdaq Capital Market pursuant to Nasdaq listing rule 5550(b)(2). The notice has no immediate effect on the listing of the Company's common stock, and the Company's common stock continues to trade on the Nasdaq Capital Market under the symbol "ALCE." In accordance with Nasdaq listing rule 5810(c)(3)(C), the Company has 180 calendar days, or until November 4, 2024, to regain compliance. The notice states that to regain compliance, the Company's MVLS must close at $35 million or more for a minimum of ten consecutive business days (or such longer period of time as the Nasdaq staff may require in some circumstances, but generally not more than 20 consecutive business days) during the compliance period ending November 4, 2024. If the Company does not regain compliance by November 4, 2024, Nasdaq staff will provide written notice to the Company that its securities are subject to delisting. At that time, the satisfaction or waiver Company may appeal any such delisting determination to a Hearings Panel. The Company intends to actively monitor the Company's MVLS between now and November 4, 2024 and may, if appropriate, evaluate available options to resolve the deficiency and regain compliance with the MVLS rule. While the Company is exercising diligent efforts to maintain the listing of certain customary closing conditions of the respective parties.

The Company's management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and the sale of the Private Units, although substantially all of the net proceeds are intended to its common stock on Nasdaq, there can be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete regain or maintain compliance with Nasdaq listing standards. LOn May 8, 2024, we issued 330,000 shares of restricted common stock valued at $0.35 per share to a third party consultant in exchange for services.

On May 8, 2024 we issued 100,000 shares of restricted common stock valued at $0.35 per share to a third party consultant in exchange for services.

On May 15, 2024, Mohammed Javade Chaudhri, 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. 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 they served.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2024. In addition to historical consolidated financial information, this discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, in "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC.

Overview

The Company is a transatlantic integrated clean energy independent power producer. The Company develops, builds, owns, and operates a diverse portfolio of utility scale solar photo-voltaic (PV) parks that connect directly to national power grids. As of March 31, 2024, the Company's revenue streams are generated from long-term, government-mandated, fixed price supply contracts with terms of between 15-20 years in the form of either government feed in tariffs (FIT), power purchase agreements (PPA) with investment grade off-takers, and other energy incentives. Of the Company's current annual revenues, approximately 78% are generated from long-term contracts and 22% by sales to the general energy market in the countries the Company operates. The Company's goal is to own and operate over 3.0 giga-watts (GWs) of solar parks over the next five years.

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 successfully. The Company must complete a Business Combination having an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding taxes payable on income earned on the Trust Account) at the time of the agreement to enter into an initial Business Combination. The Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register Agreement, as an investment company under the Investment Company Act. Even if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target, the Company's stockholders prior amended by that certain First Amendment to the Business Combination may collectively own a minority interest in Agreement, dated as of April 12, 2023 (the "First BCA Amendment") (as amended by the post-transaction company, depending on valuations ascribed to First BCA Amendment, the target and the Company in the "Initial Business Combination transaction.

The Company will provide its holders of the outstanding Public Shares (the "public stockholders" Agreement") with the opportunity to redeem all or a portion of their Public Shares upon the completion of a Business Combination either (i) in connection with a stockholder meeting called to approve the Business Combination or (ii), and as amended and restated by means of a tender offer. Except as required by law or the rules of Nasdaq, the decision as to whether the Company will seek stockholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. The public stockholders will be entitled to redeem their Public Shares for a pro rata portion of the amount then in the Trust Account. There will be no redemption rights upon the completion of a Business Combination with respect to the Company's warrants.

The Company will proceed with a Business Combination if the Company has net tangible assets of at least $5,000,001 immediately prior to or upon such consummation of a Business Combination and, if the Company seeks stockholder approval, a majority of the shares voted are voted in favor of the Business Combination. If a stockholder vote is not required by law and the Company does not decide to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to its that certain Amended and Restated Certificate Business Combination Agreement, dated as of Incorporation December 22, 2023 (the "Amended "A&R BCA") (the Initial Business Combination Agreement, as amended and Restated Certificate of Incorporation" restated by the A&R BCA, the "Business Combination Agreement"), conduct the redemptions pursuant to the tender offer rules of the U.S. Securities by and Exchange Commission among Clean Earth, Alternus Energy Group Plc ("SEC" AEG") and file tender offer documents with the SEC containing substantially the same information as would be included in a proxy statement prior to completing a Business Combination. If, however, stockholder approval of the transaction is required by law, or the Company decides to obtain stockholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks stockholder approval in connection with a Business Combination, the Sponsor has agreed to vote its Founder Shares, Private Shares and any Public Shares purchased during or after the Initial Public Offering (a) in favor of approving a Business Combination and (b) not to redeem any shares in connection with a stockholder vote to approve a Business Combination or sell any shares to the Company in a tender offer in connection with a Business Combination. Additionally, each public stockholder may elect to redeem their Public Shares irrespective of whether they vote for or against the proposed transaction or do not vote at all.

The Sponsor has agreed (a) to waive its redemption rights with respect to its Founder Shares, Private Shares and Public Shares held by it in connection with the completion of a Business Combination, (b) to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares and Private Shares if the Company fails to consummate a Business Combination, and (c) not to propose an amendment to the Amended and Restated Certificate of Incorporation that would affect the public stockholders' ability to convert or sell their shares to the Company in connection with a Business Combination or affect the substance or timing of the Company's obligation to redeem 100% of its Public Shares if the Company does not complete a Business Combination, unless the Company provides the public stockholders with the opportunity to redeem their Public Shares in conjunction with any such amendment.

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If the Company is unable to complete a Business Combination by the Termination Date, the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the Public Shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest earned on the funds held in the Trust Account and not previously released to the Company to pay taxes, divided by the number of then outstanding Public Shares, which redemption will completely extinguish public stockholders' rights as stockholders (including the right to receive further liquidating distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to Sponsor. Following the approval of the Company's remaining stockholders Initial Business Combination Agreement and the Company's board of directors, dissolve and liquidate, subject in each case to transactions contemplated thereby at the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law. There will be no redemption rights or liquidating distributions with respect to the Company's rights or warrants, which will expire worthless if the Company fails to complete a Business Combination by the Termination Date.

In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account to below $10.10 per Public Share, except as to any claims by a third party who executed a valid and enforceable agreement with the Company waiving any right, title, interest or claim of any kind they may have in or to any monies held in the Trust Account and except as to any claims under the Company's indemnity special meeting of the underwriters stockholders of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (except the Company's independent registered accounting firm), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies Clean Earth held in the Trust Account.

On May 25, 2023 on December 4, 2023, the Company consummated the Business Combination on December 22, 2023. In accordance with the Business Combination Agreement, Clean Earth issued 57,500,000 shares of common stock of Clean Earth, par value $0.0001 per share, to AEG, and Alternus executed a mutual written consent pursuant AEG transferred to which Clean Earth, and Clean Earth received from AEG, all of the Company issued and Alternus agreed to extend outstanding equity interests in the Termination Date Acquired Subsidiaries (as defined in the Business Combination Agreement) to November 28, 2023 (the "Termination Date").

On May 25, 2023, the Company held a special meeting of stockholders (the "Special Meeting"), during which the Company's stockholders approved the proposal (the "Charter Amendment Proposal") to amend the Company's amended and restated certificate of incorporation to give the Company the right to extend the date by which it has to consummate a business combination up to six times, from May 28, 2023 to November 28, 2023, composed of six one-month extensions (each an "Extension, "Equity Exchange," and the end date of each Extension, the "Extended Date"), by depositing into the Trust Account on the then-applicable Extension Date, for each Extension, the lesser of (i) $195,000 and (ii) $0.04 for each share of the Company's Class A common stock not redeemed in connection together with the Charter Amendment Proposal until November 28, 2023, or such earlier date as determined other transactions contemplated by the Board (assuming Business Combination Agreement, the Company's business combination has not occurred) in exchange for a non-interest bearing, convertible unsecured promissory note payable upon consummation of a business combination.

"Business Combination"). In connection with the Special Meeting, stockholders properly elected Closing, the Company changed its name from Clean Earth Acquisition Corp. to redeem an aggregate 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 14,852,437 shares operations into the future. Annual recurring revenues are defined as the estimated future revenue generated by operating solar parks based on the remaining term, the price received per mega-watt hour (MWh) of Class A common stock at energy produced multiplied by the estimated production from each solar park over a redemption price full year of approximately $10.38 per share (the "Redemption") 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, for an aggregate redemption amount with Russia's invasion of $154,152,327. Following Ukraine. The war between the Redemption, $84,562,944 remained 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 Company's Trust Account, not including any Extension Payments, as described above.

Risks war is increasingly affecting economic and Uncertainties

The credit and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption. These events have experienced extreme volatility and disruptions due to not impacted the current conflict between Ukraine and Russia and Hamas' attack on Israel. These conflicts are expected to have further global economic consequences, including but not limited to the possibility of severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in inflation rates and uncertainty about economic and political stability. In addition, the United States and other countries have imposed sanctions on Russia which increases the risk that Russia, as a retaliatory action, may launch cyberattacks against the United States, its government, infrastructure and businesses. Any of the foregoing consequences, including those we cannot yet predict, may cause our business, financial condition, results of physical operations and the price of our common shares to be adversely affected.

The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

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Going Concern

As of September 30, 2023, the Company had $9,266 of operating cash and a working capital deficit of $3,861,647. At September 30, 2023, working capital deficit excludes the amount of marketable securities held facilities in Trust Account and deferred underwriting fees payable. The Company classified the Marketable Securities held in Trust Account as a current asset as Romania. However, the Company has less than 12 months from the balance sheet date seen fluctuations in energy rates due to consummate a Business Combination, at which point, if the Company did not find a Business Combination partner, the

Company would cease to exist inflation, increased interest rates, and the funds would be liquidated from the Trust Account. The Company classified the deferred underwriting fees payable as current liabilities as the Company has less than 12 months from the balance sheet date to consummate a Business Combination, at which point, if the Company did not find a Business Combination partner, the Company would cease to exist and the deferred underwriting fees would not be paid as the fees owed are contingent upon a successful Business Combination. other macro-economic factors.

The Company's liquidity needs through September 30, 2023 had been satisfied through a payment from the Sponsor of $25,000 for Class B common stock, par value $0.0001 per share ("Class B common stock" and shares thereof, "founder shares"), the Initial Public Offering and the issuance of the Private Units (see Note 3 and Note 4). Additionally, the Company drew on unsecured promissory notes to pay certain offering costs and convertible promissory notes with the Sponsor to provide working capital and to fund the Company's extension payments (see Note 4).

Known trends or Uncertainties

The Company has incurred a working capital deficiency and expects to continue to incur significant costs in pursuit of its financing negative equity, and acquisition plans to complete the Business Combination with Alternus. The Company lacks the financial resources it needs to sustain operations for a reasonable period of time, which management has determined there is considered to be one year from the issuance date of the financial statements. The initial stockholders, or certain of the Company's officers and directors or their affiliates may, but are not obligated to, loan the Company funds as may be required. The Company cannot assure that its plans to consummate an initial Business Combination will be successful.

These factors, among others, raise substantial 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 that the following competitive strengths contribute to its success and differentiate the Company from its competitors:

- The Company is an Independent Power Producer and is comfortable operating across all aspects of the solar PV value chain from development through long-term operational ownership, compared to only buying operating parks where the high levels of competition from investment companies tend to be. Management believes that the Company's flexibility in this regard makes it a more attractive partner to local developers who benefit from having a single trusted and flexible customer that allows them to plan effectively and grow faster;
- The Company's history of identifying and entering new solar PV markets coupled with its on-the-ground capabilities and transatlantic platform gives the Company potential competitive advantages in developing and operating solar parks;
- The Company's existing pipeline of owned and contracted solar PV projects provides it with clear and actionable opportunities as well as the ability to cultivate power generation and earnings as these are required;
- The Company is technology and supplier agnostic and as such has the flexibility to choose from a broad range of leading manufacturers, operations and maintenance (O&M) experts, top tier suppliers, and engineering, procurement, and construction (EPC) vendors across the globe and can benefit from falling component and service costs; and
- The Company is led by a highly experienced management team and has strong, localized execution capabilities across all key functions and locations.

Vision and Strategy

The Company aims to become one year of the leading producers of clean energy in Europe and the U.S. by 2030 and to have commenced delivery of 24/7 clean energy to national power grids. The Company's business strategy of developing to own and operate a diverse portfolio of solar PV assets that generate stable long-term incomes, in countries which currently have unprecedented positive market forces, positions us for sustained growth in the years to come.

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

- Continue our growth strategy which targets acquiring independent solar PV projects that are either in development, in construction, newly installed or already operational, in order to build a diversified portfolio across multiple geographies;
- Developer and Agent Relationships: long term relationships with high-quality developer partners, both local and international, can reduce competition in acquisition pricing and provide the Company with exclusive rights to projects at varying stages. Additionally, the Company works with established agents across Europe and the United States. Working with these groups provides the Company with an understanding of the market and in some cases enables it to contract projects at the pre-market level. This allows the Company to build a structured pipeline of projects in each country where it currently operates or intends to operate;
- Expand our transatlantic IPP portfolio in locations that deliver higher yields for lowest equity deployed and attractive returns on investments, and increase and optimize the Company's long-term recurring revenue and cash flows;
- Long-term off-take contracts combined with the Company's efficient operations are expected to provide robust and predictable cash flows from projects and allow for high leverage capacity and flexibility of debt structuring. Our strategy is to reinvest the project cash flows into additional solar PV projects to provide non-dilutive capital for Alternus to "self-fund" future 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 clean energy parks in the most sustainable way possible. The Company 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 localized environmental impacts identified during the development, construction and operational process.

Given the long-term nature of our business, the Company does not operate its business on a quarter-by-quarter basis, but rather, with long-term shareholder value creation as a priority. The Company aims to maximize return for its shareholders by originating from the date ground up and/or acquiring projects during the development cycle, installation stage, or already operational.

We intend that the parks we own and operate will have a positive cash flow with long-term income streams at the lowest possible risk. To this end we use Levelized Cost of Energy ("LCOE") as a key criterion to ranking the projects we consider for development and/or acquisition. The LCOE calculates the total cost of ownership of the parks over their expected life reflected as a rate per megawatt hour (MWh). Once the income rates for the selected projects are higher than this rate, the project will be profitable for its full life, including initial capex costs. The Company will continue to operate with this priority as we continue to invest in internal infrastructure and additional solar PV power plants to increase installed power and resultant stable long-term revenue streams.

Key Factors that Significantly Affect Company Results of Operations and Business

The Company expects the following factors will affect its results of operations – inflation and energy rate fluctuations.

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. As of March 31, 2024, the average remaining life of its FITs and PPAs was 8.6 years. 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.

The Company also generates Renewable Energy Credit (RECs) as the Company produces electricity. RECs are accounted for as government incentives and are considered operational revenue as part of the solar facilities.

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 as a result 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, 37% in each of Q2 and Q3, and the remaining 11% 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 finance 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 in order to reduce, and in some cases eliminate, the requirement for the Company to provide equity in the acquisition of the projects. As of March 31, 2024, 97.30% 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 2022 and 2023, 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 (USD) Dollars. The Company's current project revenue and expenses are generated in other currencies, including the Euro (EUR), the Romanian Lei (RON), and the Polish Zloty (PLN). 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. The Company exited the Polish market in January 2024 and expects minimal impact from the fluctuations of this currency.

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 Italy, Poland, and the Netherlands reflect the actual production from those parks during the three months ended March 31, 2023. The parks were sold on December 28, 2023, January 19, 2024, and February 21, 2024, respectively. The table below outlines the Company's operating renewable energy facilities as of March 31, 2024 and 2023:

	Three Months Ended March 31	
MW (DC) Nameplate capacity by country – continuing operations	**2024**	**2023**
Romania	40.1	40.1
Italy	-	10.5
United States	3.8	0.4
Total	43.9	51.0
Discontinued Operations:		
Netherlands	-	11.8
Poland	-	88.4
Total	-	100.2
Total for the period	**43.9**	151.2

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 Italy, Poland, and the Netherlands reflect the actual volume of electricity sold during the three months ended March 31, 2024 and March 31, 2023 before the operating parks were sold on December 28, 2023, January 19, 2024, and February 21, 2024, respectively. The Company's MWh sold for renewable energy facilities for the three months ended March 31, 2024 and 2023, were as follows:

	Three Months Ended March 31	
MWh (DC) Sold by country	**2024**	**2023**
Romania	9,064	9,131
Italy	-	1,924
United States	842	156
Total	9,906	11,211
Discontinued Operations:		
Netherlands	466	1,348
Poland	500	11,774
Total	966	13,122
Total for the period	**10,872**	**24,333**

Consolidated Results of Operations

The following table illustrates the consolidated results of operations for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31	
	2024	**2023**
Revenues	$ 2,180	$ 3,846
Operating Expenses		
Cost of revenues	(834)	(1,015)
Selling, general and administrative	(3,747)	(1,725)
Depreciation, amortization, and accretion	(568)	(842)
Development costs	(7)	(111)
Total operating expenses	(5,156)	(3,693)
Income/(loss) from continuing operations	(2,976)	153
Other income/(expense):		
Interest expense	(4,984)	(3,468)
Valuation on FPA asset	(483)	-
Other expense	(223)	(40)
Other income	7	-
Total other expenses	(5,683)	(3,508)
Loss before provision for income taxes	(8,659)	(3,355)
Income taxes	-	-
Net loss from continuing operations	**(8,659)**	**(3,355)**
Discontinued operations:		
Loss from operations of discontinued business component	(1,074)	(1,897)
Gain on sale of assets	2,150	-
Net income/(loss) from discontinued operations	1,076	(1,897)
Net loss for the period	**$ (7,583)**	**$ (5,252)**
Net loss attributable to common stockholders, basic	(8,659)	(3,355)
Net loss attributable to common stockholders, diluted	(8,659)	(3,355)
Net loss per share attributable to common stockholders, basic	(0.13)	(0.06)
Net loss per share attributable to common stockholders, diluted	(0.13)	(0.06)
Weighted-average common stock outstanding, basic	65,077,094	57,500,000
Weighted-average common stock outstanding, diluted	65,077,094	57,500,000
Comprehensive loss:		
Net loss	$ (7,583)	$ (5,252)
Foreign currency translation adjustment	(1,232)	(104)
Comprehensive loss	**$ (8,815)**	**$ (5,356)**

Three Months Ended March 31, 2024 compared to March 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 three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31			
Revenue by Country	**2024**	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Italy	$ -	$ 655	$ (655)	(100)%
Romania	2,087	3,173	(1,086)	(34)%
United States	93	18	75	417%
Total for continuing operations	$ 2,180	$ 3,846	$ (1,666)	(43)%
Discontinued Operations:				
Netherlands	$ 16	$ 202	$ (186)	(92)%
Poland	106	1,105	(999)	(90)%
Total for discontinued operations	$ 122	$ 1,307	$ (1,185)	(91)%
Total for the period	**$ 2,302**	**$ 5,153**	**$ (2,851)**	**(55)%**

Revenue for continuing operations decreased by $1.7 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to a lower volume of Green Certificates being sold and lower energy rates for production in 2024 in Romania compared to the same period in 2023. Additionally, the three months ended March 31, 2023 includes revenues earned by the Italian parks which were sold in December 2023.

Revenue for discontinued operations decreased by $1.2 million due to all operating parks in Poland and the Netherlands being sold on January 19, 2024 and February 21, 2024, respectively.

	Three Months Ended March 31			
Revenue by Offtake Type	**2024**	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Country Renewable Programs (FIT)	$ 153	$ 550	$ (397)	(72)%
Green Certificates (FIT)	1,569	1,872	(303)	(16)%
Energy Offtake Agreements (PPA)	441	1,424	(983)	(69)%
Other Revenue	17	-	17	100%
Total for continuing operations	$ 2,180	$ 3,846	$ (1,666)	(43)%
Discontinued Operations:				
Country Renewable Programs (FIT)	$ 46	$ 766	$ (720)	(94)%
Guarantees of Origin	7	8	(1)	(13)%
Energy Offtake Agreements (PPA)	36	533	(497)	(93)%
Other Revenue	33	-	33	100%
Total for discontinued operations	$ 122	$ 1,307	$ (1,185)	(91)%
Total for the period	**$ 2,302**	**$ 5,153**	**$ (2,851)**	**(55)%**

Cost of Revenues

The Company capitalizes its equipment costs, development costs, engineering, and construction related costs that are deemed recoverable. The Company's cost of revenues with regards 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 three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31			
Cost of Revenues by Country	**2024**	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Italy	$ -	$ 262	$ (262)	(100)%
Romania	819	734	85	12%
United States	15	19	(4)	(21)%
Total for continuing operations	$ 834	$ 1,015	$ (181)	(18)%
Discontinued Operations:				
Netherlands	$ 115	$ 61	$ 54	89%
Poland	101	936	(835)	(89)%
Total for discontinued operations	$ 216	$ 997	$ (781)	(78)%
Total for the period	**$ 1,050**	**$ 2,012**	**$ (962)**	**(48)%**

Cost of revenues for continuing operations decreased by $0.2 million for the three months ended March 31, 2024 compared to the same period in 2023. The three months ended March 31, 2023 include costs incurred for the Italian parks which were sold in December 2023 which is the main driver of the decrease. This was partially offset by an increase in operational costs for the parks in Romania.

Cost of revenues for discontinued operations decreased by $0.8 million for the three months ended March 31, 2024 compared to the same period in 2023 primarily due to all operating parks in Poland and the Netherlands being sold on January 19, 2024 and February 21, 2024, respectively. The slight increase for the Netherlands park is due to additional operations and maintenance fees incurred before prior to the disposal.

Selling, General and Administrative Expenses

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

	Three Months Ended March 31			
	2024	**2023**	**Change ($)**	**Change (%)**
	(in thousands)			
Selling, general and administrative	$ 3,747	$ 1,725	$ 2,022	117%
Total for continuing operations	$ 3,747	$ 1,725	$ 2,022	117%
Total for the period	**$ 3,747**	**$ 1,725**	**$ 2,022**	**117%**

Selling, general and administrative expenses for continuing operations increased by $2.0 million for the three months ended March 31, 2024 compared to the same period in 2023. The majority of this increase was from additional audit, accounting fees, insurance, and legal costs associated with being listed on Nasdaq.

There were no selling, general and administrative expenses for discontinued operations for the three months ended March 31, 2024 and 2023.

Development Cost

	Three Months Ended March 31			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Development Cost	$ 7	$ 111	$ (104)	(94)%
Total for continuing operations	$ 7	$ 111	$ (104)	(94)%
Total for the period	**$ 7**	**$ 111**	**$ (104)**	**(94)%**

Development cost decreased by $0.1 million for the three months ended March 31, 2024 compared to the same period in 2023 due to final work performed for projects abandoned for the development of renewable energy projects.

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 17 to the accompanying financial statements for more detail of development cost.

There were no development costs for discontinued operations for the three months ended March 31, 2024 and 2023.

Depreciation, Amortization and Accretion Expense

Depreciation, amortization, and accretion expenses for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Depreciation, Amortization and Accretion expense	$ 568	$ 842	$ (274)	(33)%
Total for continuing operations	$ 568	$ 842	$ (274)	(33)%
Discontinued Operations:				
Depreciation, Amortization and Accretion expense	$ 180	$ 735	$ (555)	(76)%
Total for discontinued operations	$ 180	$ 735	$ (555)	(76)%
Total for the period	**$ 748**	**$ 1,577**	**$ (829)**	**(53)%**

Depreciation and Amortization expense for continuing operations decreased by $0.3 million for the three months ended March 31, 2024 compared to the same period in 2023. This was primarily driven by the sale of the Italian assets which were sold in December 2023.

Depreciation, amortization and accretion expenses for discontinued operations decreased by $0.8 million for the three months ended March 31, 2024 compared to the same period in 2023 due to all operating parks in Poland and the Netherlands being sold on January 19, 2024 and February 21, 2024, respectively.

Gain on Disposal of Assets

	Three Months Ended March 31			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Discontinued Operations:				
Gain on disposal of asset	$ 3,374	$ -	$ 3,374	100 %
Costs related to disposal of asset	(1,224)	-	(1,224)	100 %
Total for discontinued operations	$ 2,150	$ -	$ 2,150	100 %
Total for the period	**$ 2,150**	**$ -**	**$ 2,150**	**100 %**

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 partially offset by a $0.9 million loss on sale of assets in the Netherlands. $1.6M of the cash received was held back by the seller per the SPA and recorded as a receivable on the Consolidated Balance Sheet. On February 22, 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 $1.2 million and are issued. reported together with the disposal of the assets according to ASC 360-10-35-38.

Interest Expense, Other Income, and Other Expense

	Three Months Ended March 31			
	2024	2023	Change ($)	Change (%)
	(in thousands)			
Interest expense	$ (4,984)	$ (3,468)	$ (1,516)	44 %
Valuation on FPA asset	(483)	-	(483)	(100)%
Other expense	(223)	(40)	(183)	460 %
Other income	7	-	7	100 %
Total for continuing operations	$ (5,683)	$ (3,508)	$ (2,175)	62 %
Discontinued Operations:				
Interest income/(expense)	$ (801)	$ (1,472)	$ 671	(46)%
Total for discontinued operations	$ (801)	$ (1,472)	$ 671	(46)%
Total for the period	**$ (6,484)**	**$ (4,980)**	**$ (1,504)**	**88 %**

Total other expenses for continuing operations increased by $2.2 million for the three months ended March 31, 2024 compared to the same period in 2023. The primary drivers causing the increase is the recognition of a $0.5 million reduction in valuation on the Forward Purchase Agreement and a $1.5 million increase in interest expense due to increase of the effective interest rate of the Solis bond from 8.7% to 10.4% and interest associated in the U.S. for loans related to project construction and development.

Total other expenses for discontinued operations decreased by $0.7 million for the three months ended March 31, 2024 compared to the same period in 2023 driven by the sale of the Polish and Netherlands operating parks on January 19, 2024 and February 21, 2024, respectively.

Net Loss

Net loss for continuing operations increased by $5.3 million for the three months ended March 31, 2024 compared to the same period in 2023. This is primarily due to an increase in SG&A expense of $2.0 million, other expense of $0.7 million, interest expense of $1.5 million, and decreased revenues of $1.7 million. This was partially offset by a decrease in cost of revenues of $0.2 million, depreciation of $0.3 million, and development cost of $0.1 million.

Net income for discontinued operations increased by $3.0 million for the three months ended March 31, 2024 compared to the same period in 2023. This is primarily due to a decrease in cost of revenues of $0.8 million, depreciation of $0.5 million, interest expense of $0.7 million, and an increase in the gain on disposal of asset of $2.2 million. This was partially offset by a decrease in revenues of $1.2 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 statements do measures that are not include calculated and presented in accordance with U.S. GAAP, along with the most directly comparable U.S. GAAP measure, for each period presented below. In addition to its results determined in accordance with U.S. GAAP, the Company believes the following non-U.S. GAAP financial measures are useful in evaluating its operating performance. The Company uses the following non-U.S. GAAP financial information, collectively, to evaluate its ongoing operations and for internal planning and forecasting purposes.

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

	As of March 31 2024	As of December 31 2023
	(in thousands)	
Senior Secured Green Bonds	$ 87,264	$ 166,122
Senior Secured debt and promissory notes	31,523	32,312
Total debt	118,787	198,434
Less current maturities	(118,787)	(198,434)
Long term debt, net of current maturities	$ -	$ -
Current Maturities	118,787	198,434
Less current debt discount	(908)	(892)
Current Maturities net of debt discount	117,879	197,542

	As of March 31 2024	As of December 31 2023
	(in thousands)	
Cash and cash equivalents	$ 1,381	$ 4,618
Restricted cash	841	19,161
Available capital from continuing operations	$ 2,222	$ 23,779
Discontinued operations:		
Cash and cash equivalents	$ -	$ 444
Available capital from discontinued operations	-	444

Restricted Cash relates to balances that are in the bank accounts for specific defined purposes and cannot be used for any adjustments that might result from other undefined purposes. The decrease was related to payments paying down the outcome principal of this uncertainty.

Note 2. the Green Bonds. Refer to Footnote 3 – Summary of Significant Accounting Policies

Basis for further discussion of Presentation restricted cash.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair statement of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the SEC on March 30, 2023, which contains the audited financial statements and notes thereto. The financial information as of December 31, 2022 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2022. The interim results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the year ending December 31, 2023 or for any future interim periods.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies.

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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. The Company has 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, the Company, 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 the Company's 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.

Use of Estimates 43

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of September 30, 2023 or December 31, 2022.

Marketable Securities Held in Trust Account

The Company accounts for marketable securities held in the Trust Account in accordance with Accounting Standards Codification ("ASC") 320, "Investments – Debt Securities" ("ASC 320"). Trading securities are measured at fair value with holding gains and losses included in earnings. The estimated fair values of the marketable securities held in the Trust Account are determined using available market information.

The Company has invested in U.S. Treasury Bills and money market funds invested in U.S. government securities for the nine months ended September 30, 2023 and 2022. Income generated from the U.S. Treasury Bills was recorded to realized gains on marketable securities held in Trust Account on the condensed statements of operations and presented as an adjustment to reconcile net income to net cash used in operating activities on the condensed statements of cash flows. Income generated from money market funds invested in U.S. government securities was recorded to dividend income on marketable securities held in Trust Account and presented within cash flows from investing activities on the condensed statements of cash flows. Sales of money market funds, redemptions of U.S. Treasury Bills, and purchases of U.S. Treasury Bills and money market securities held in Trust Account are presented within cash flows from investing activities on the condensed statements of cash flows.

Offering Costs Associated with the Initial Public Offering

The Company complies with the requirements of the ASC 340-10-S99-1, “Other Assets and Deferred Costs” and SEC Staff Accounting Bulletin (“SAB”) Topic 5A, “Expenses of Offering”. Offering costs consist principally of incentives to Anchor Investor (as defined in Note 4) and professional and registration fees that are related to the Initial Public Offering. The Company incurred offering costs from the Initial Public Offering of $18,678,975, consisting of $4,600,000 of underwriting discounts, $8,050,000 of deferred underwriting fee (of which $7,245,000 has subsequently been waived by the underwriters), $1,292,649 of actual offering costs, and $4,736,326 excess fair value of Founder Shares as a result of the Anchor Investor transaction. The Company recorded the $18,678,975 of offering costs as a reduction of the carrying value of Class A common stock in temporary equity and additional paid-in capital.

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Fair Value of Financial Instruments

ASC 820, "Fair Value Measurement" ("ASC 820"), defines fair value as the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants. Fair value measurements are classified on a three-tier hierarchy as follows:

Level 1 — defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;

Level 2 — defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

Level 3 — defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy described above. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of the Company's assets and liabilities which qualify as financial instruments under ASC 820 approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Warrants and Rights

The Company accounts for the public and private warrants and rights as either equity-classified or liability-classified instruments based on an assessment of the instruments' specific terms and applicable authoritative guidance in ASC 480, "Distinguishing Liabilities from Equity" ("ASC 480") and ASC 815, "Derivatives and Hedging" ("ASC 815"). Pursuant to the Company's evaluation, the Company concluded that the public and private warrants and rights do not meet the criteria to be accounted for as liability under ASC 480. The Company further evaluated the public and private warrants and rights under ASC 815-40, "Derivatives and Hedging — Contracts in Entity's Own Equity" ("ASC 815-40") and concluded that the public warrants, private warrants and rights are indexed to the Company's own stock and meet the criteria to be classified in stockholders' deficit.

Common Stock Subject to Possible Redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in ASC 480. Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that feature redemption rights that are within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. On May 25, 2023, holders of Class A common stock properly elected to redeem an aggregate of 14,852,437 shares of Class A common stock at a redemption price of $10.38 per share, for an aggregate redemption amount of $154,152,327. Accordingly, at September 30, 2023, and December 31, 2022, 8,147,563 and 23,000,000 shares of Class A common stock subject to possible redemption are presented, at redemption value equal to the amount held in the Trust Account, as temporary equity, outside of the stockholders' deficit section of the Company's balance sheet, respectively.

The Class A common stock subject to possible redemption are subject to the subsequent measurement guidance in ASC 480-10-S99. Under such guidance, the Company must subsequently measure the shares to their redemption amount because, as a result of the allocation of net proceeds to transaction costs, the initial carrying amount of the common stock is less than $10.00 per share. In accordance with the guidance, the Company has elected to measure the common stock subject to possible redemption to their redemption amount (i.e., $10.10 per share) immediately as if the end of the first reporting period after the Initial Public Offering, February 28, 2022, was the redemption date. Such changes are reflected in additional paid-in capital, or in the absence of additional paid-in capital, in accumulated deficit.

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The Class A common stock subject to possible redemption is reflected on the balance sheet as of September 30, 2023 as follows:

Gross proceeds from initial public offering	$ 230,000,000
Less:	
Fair value allocated to public warrants	(4,390,700)
Fair value allocated to rights	(15,741,200)
Offering costs allocated to Class A common stock subject to possible redemption	(17,038,513)
Plus:	
Re-measurement on Class A common stock subject to possible redemption	42,756,441
Class A common stock subject to possible redemption, December 31, 2022	**235,586,028**

Re-measurement on Class A common stock subject to possible redemption	2,409,648
Class A common stock subject to possible redemption, March 31, 2023	**237,995,676**
Redemption of Class A common stock	(154,152,327)
Re-measurement on Class A common stock subject to possible redemption	1,097,561
Class A common stock subject to possible redemption, June 30, 2023	**84,940,910**
Re-measurement on Class A common stock subject to possible redemption	1,097,181
Class A common stock subject to possible redemption, September 30, 2023	$ **86,038,091**

Liquidity Position

The proceeds of the Initial Public Offering were allocated to the Class A common stock and the Public Warrants and Rights based on their relative fair values. The Company recognizes changes in redemption value of Class A common stock subject to possible redemption immediately as they occur and adjusts the carrying value of redeemable common stock to equal the redemption value at the end of each reporting period. Such changes are reflected in additional paid-in capital, or in the absence of additional capital, in accumulated deficit.

Promissory Note – Related Party

The Company accounts for its WC Promissory Note and Extension Note (see Note 4) in accordance with ASC 470, “Debt” and ASC 815. The Company accounts for the WC Promissory Note and Extension Note at amortized cost and does not bifurcate and separately account for the embedded conversion feature as it does not meet the definition of a derivative instrument.

Stock-Based Compensation

The Company accounts for its stock-based compensation arrangements in accordance with ASC 718, “Compensation-Stock Compensation”. The awards have a performance condition that requires the consummation of an initial business combination to fully vest. As the performance condition is not probable and will likely not become probable until the consummation of an initial business combination, the Company will defer recognition of the compensation costs until the consummation of an initial business combination.

Net Income (Loss) per Common Stock

The condensed statements of operations includes a presentation of net income (loss) per Class A redeemable common stock and net income (loss) per non-redeemable common stock following the two-class method of income per common stock. In order to determine the net income (loss) attributable to both the Class A redeemable common stock and non-redeemable common stock, the Company first considered the total net income (loss) allocable to both sets of stock. This is calculated using the total net income (loss) less any dividends paid. For purposes of calculating net income (loss) per share, any remeasurement of the Class A common stock subject to possible redemption was treated as dividends paid to the public stockholders.

Net income (loss) per common stock is computed by dividing net income (loss) by class by the weighted average number of common stock outstanding during the period. The Company has not considered the effect of the 11,500,000 Public Warrants in the calculation of diluted net income (loss) per share, since the exercise of such warrants are contingent upon the occurrence of future events and the inclusion of such warrants would be anti-dilutive.

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The following tables reflect the calculation of basic and diluted net income (loss) per common stock for the three and nine months ended September 30, 2023 (in dollars, except share amounts):

	Three Months Ended September 30, 2023
Net income	$ 7,216
Remeasurement of temporary equity to redemption value	(1,097,181)
Net loss including remeasurement of temporary equity to redemption value	**$ (1,089,965)**

	Three Months Ended September 30, 2023	
	Class A Redeemable	**Class A & Class B Non-redeemable**
Basic and diluted net income (loss) per share:		
Numerator:		
Allocation of net income (loss) including accretion of temporary equity	$ (531,636)	$ (558,329)
Deemed dividend for remeasurement of temporary equity to redemption value	1,097,181	—
Allocation of net income (loss)	**$ 565,545**	**$ (558,329)**
Weighted average shares outstanding	**8,147,563**	**8,556,667**
Net income (loss) per share	**$ 0.07**	**$ (0.07)**

		Nine Months Ended September 30, 2023
Net income	$	3,239,010
Remeasurement of temporary equity to redemption value		(4,604,390)
Net loss including remeasurement of temporary equity to redemption value	**$**	**(1,365,380)**

	Nine Months Ended September 30, 2023			
	Class A Redeemable		Class A & Class B Non-redeemable	
Basic and diluted net income (loss) per share:				
Numerator:				
Allocation of net income (loss) including accretion of temporary equity	$	(890,320)	$	(475,060)
Deemed dividend for remeasurement of temporary equity to redemption value		4,604,390		—
Allocation of net income (loss)	**$**	**3,714,070**	**$**	**(475,060)**
Weighted average shares outstanding		**16,036,220**		**8,556,667**
Net income (loss) per share	**$**	**0.23**	**$**	**(0.06)**

The following tables reflect the calculation of basic and diluted net income (loss) per common stock for the three and nine months ended September 30, 2022 (in dollars, except share amounts):

		Three Months Ended September 30, 2022
Net loss	$	(146,096)
Remeasurement of temporary equity to redemption value		(1,139,015)
Net loss including remeasurement of temporary equity to redemption value	**$**	**(1,285,111)**

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	Three Months Ended September 30, 2022	
	Class A Redeemable	Class A & Class B Non-redeemable
Basic and diluted net income (loss) per share:		
Numerator:		
Allocation of net income (loss) including accretion of temporary equity	$ (936,650)	$ (348,461)
Deemed dividend for remeasurement of temporary equity to redemption value	1,139,015	—
Allocation of net income (loss)	**$ 202,365**	**$ (348,461)**
Weighted average shares outstanding	**23,000,000**	**8,556,667**
Net income (loss) per share	**$ 0.01**	**$ (0.04)**

	Nine Months Ended September 30, 2022
Net loss from beginning of year through date of initial public offering	$ (37,034)
Net loss from date of initial public offering through September 30, 2022	(821,782)
Total loss year to date	(858,816)
Remeasurement of temporary equity to redemption value	(41,007,220)
Net loss including remeasurement of temporary equity to redemption value	**$ (41,866,036)**

	Nine Months Ended September 30, 2022	
	Class A Redeemable	Class A & Class B Non-redeemable
Basic and diluted net income (loss) per share:		

Numerator:		
Allocation of net income (loss) including accretion of temporary equity	$(30,486,966)	$ (11,379,070)
Deemed dividend for remeasurement of temporary equity to redemption value	41,007,220	—
Allocation of net income (loss)	**$ 10,520,254**	**$ (11,379,070)**
Weighted average shares outstanding	**18,113,553**	**8,107,815**
Net income (loss) per share	**$ 0.58**	**$ (1.40)**

Income taxes

The Company accounts for income taxes in accordance with the provisions of ASC 740, “Income Taxes” (“ASC 740”). Under the asset and liability method, as required by this accounting standard, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities in the financial statement and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to the period when assets are realized or liabilities are settled. Any effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of September 30, 2023 or December 31, 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

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ASC 740 prescribes a comprehensive model for how companies should recognize, measure, present, and disclose in their Our consolidated financial statements uncertain tax positions taken or expected to be taken on a tax return. Under ASC 740, tax positions must initially be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions must initially and subsequently be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

Excise Tax

On August 16, 2022, the Inflation Reduction Act of 2022 (the “IR Act”) was signed into federal law. The IR Act provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases (including redemptions) of stock by publicly traded domestic (i.e., U.S.) corporations and certain domestic subsidiaries of publicly traded foreign corporations. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from whom shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of the Treasury has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax. The IR Act applies only to repurchases that occur after December 31, 2022.

The Company expects new stock issuances related to the business combination with Alternus will offset the fair market value of the Class A stockholder redemptions that occurred on May 25, 2023. While no assurances can be provided, as the business combination is anticipated to close before December 31, 2023, which is the same year in which the new stock issuances are expected to occur, the Company believes that it is probable that no excise tax will be due or payable. As such, the Company has not recognized an excise tax liability on its condensed balance sheets as of September 30, 2023.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Deposit Insurance Corporation coverage limit. At September 30, 2023 and December 31, 2022, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Recent Accounting Pronouncements

The Company has considered all new accounting pronouncements and has concluded that there are no new pronouncements that may have a material impact on the results of operations, financial condition, or cash flows, based on the current information.

Note 3. Initial Public Offering

Pursuant to the Initial Public Offering on February 28, 2022, the Company sold 23,000,000 Units at a price of $10.00 per Unit. Each Unit consists of one share of Class A common stock, one right and one-half of one warrant ("Public Warrant"). Each whole Public Warrant entitles the holder to purchase one share of Class A common stock at a price of $11.50 per share, subject to adjustment.

An aggregate of $10.10 per Unit sold in the Initial Public Offering is held in the Trust Account and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in money market funds meeting the conditions of Rule 2a-7(d) of the Investment Company Act, as determined by the Company.

Note 4. Related Party Transactions

Founder Shares

On August 17, 2021, our sponsor purchased an aggregate of 5,750,000 shares of the Company's Class B common stock for an aggregate purchase price of $25,000 or approximately $0.004 per share (the "Founder Shares"). On February 7, 2022, we effected a 1:1.33333339 stock split of our Class B common stock, resulting in our initial stockholders holding 7,666,667 Founder Shares. All share and per-share

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amounts have been retroactively restated to reflect the stock split. The Founder Shares collectively represent the Sponsor's 25% ownership of the Company's issued and outstanding shares after the Initial Public Offering (excluding the Private Shares).

The Sponsor has agreed, subject to certain limited exceptions, not to transfer, assign or sell any of the Founder Shares until after the completion of a Business Combination.

The Founder Shares will convert into shares of Class A common stock after the initial Business Combination.

Unvested Founder Shares

Pursuant to the letter agreement, a total of 2,167,000 Founder Shares then held by the Sponsor will be considered newly unvested shares upon the completion of the Business Combination, which shall vest only if the closing price of the Class A common stock equals or exceeds $12.50 for any 20 trading days within a 30 day trading period after the Business Combination, but before the tenth anniversary of the Business Combination. In the event such price level is achieved before the first anniversary of the closing of the Business Combination, such unvested Founder Shares will not vest until the first anniversary of such closing. In the event that the Company enters into a binding agreement on or before the tenth anniversary of the Business Combination with respect to a Sale (as defined in the agreement), all unvested shares shall vest on the day prior to the closing of such Sale. Founder Shares, if any, that remain unvested at the tenth anniversary of the closing of the Business Combination will be forfeited.

Private Placement

The Sponsor purchased an aggregate of 890,000 Private Units at a price of $10.00 per Private Unit for an aggregate purchase price of $8,900,000 in a private placement that occurred simultaneously with the closing of the Initial Public Offering, the proceeds of which were recorded in additional paid in capital. Each Private Unit consists of one share of Class A common stock (“Private Share”) and one-half of one warrant (“Private Warrant”). Each Private Warrant entitles the holder to purchase one share of Class A common stock at a price of $11.50 per full share, subject to adjustment. The proceeds from the Private Units were added to the proceeds from the Initial Public Offering and are held in the Trust Account. If the Company does not complete a Business Combination by the Termination Date, the proceeds from the sale of the Private Units will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law).

Related Party Loans

In addition, in order to finance transaction costs in connection with a Business Combination, the Initial Stockholders, or certain of the Company’s officers and directors or their affiliates may, but are not obligated to, loan the Company funds as may be required (“Working Capital Loans”). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans, but no proceeds held in the Trust Account would be used to repay the Working

Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to $1,500,000 of such Working Capital Loans may be convertible into units of the post Business Combination entity at a price of $10.00 per unit. The units would be identical to the Private Units.

On September 26, 2022, the Company issued an unsecured promissory note to the Sponsor (the "WC Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of $850,000. The WC Promissory Note is non-interest bearing and payable upon the consummation of the initial Business Combination. At the election of the Sponsor and at any time prior to payment in full of the principal balance, the WC Promissory Note can be converted into conversion units comprised of one Class A common stock and one-half of one warrant that are identical to those issued in the private placement ("Conversion Units"). The number of convertible Conversion Units is calculated as the outstanding principal balance divided by $10. As of September 30, 2023 and December 31, 2022, the WC Promissory Note balance was $850,000 and $806,170, respectively.

The Company's Extension Payments will be made in exchange for a $1,170,000 non-interest bearing, convertible unsecured promissory note payable upon consummation of a business combination (the "Extension Notes"). At the election of the Sponsor and at any time prior to payment in full of the principal balance, the Extension Note can be converted into Conversion Units comprised of one Class A common stock and one-half of one warrant that are identical to those issued in the private placement ("Conversion Units"). The number

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of convertible Conversion Units is calculated as the outstanding principal balance divided by $10. The Company had $780,000 and $0 outstanding under the Extension Notes as of September 30, 2023 and December 31, 2022, respectively.

On August 8, 2023, the Company issued an unsecured promissory note to the Sponsor (the "Second WC Promissory Note"), pursuant to which the Company may borrow up to an aggregate principal amount of $650,000. The Second WC Promissory Note is non-interest bearing and payable upon the consummation of the initial Business Combination. At the election of the Sponsor and at any time prior to payment in full of the principal balance, the Second WC Promissory Note can be converted into Conversion Units comprised of one Class A common stock and one-half of one warrant that are identical to those issued in the private placement (“Conversion Units”). The number of convertible Conversion Units is calculated as the outstanding principal balance divided by $10. As of September 30, 2023 and December 31, 2022, the Second WC Promissory Note balance was $73,500 and $0, respectively.

As of September 30, 2023 and December 31, 2022 there is an aggregate of $1,703,500 and $806,170 outstanding under the WC Promissory Note, Extension Notes, and Second WC Promissory Note.

Anchor Investor Agreement

A third-party investor (the “Anchor Investor”) (who is also not affiliated with our Sponsor or any member of our management team) purchased 2,277,000 of the units issued in the Initial Public Offering pursuant to a November 2021 Subscription Agreement between our Sponsor and the Anchor Investor, wherein the Anchor Investor also purchased membership interests in our Sponsor. The excess fair value of the Sponsor membership units over the price paid by the Anchor Investor of $4,736,326 was determined to be an offering cost in accordance with SAB Topic 5A and a corresponding contribution by our Sponsor recorded in additional paid in capital.

The Sponsor retains voting and dispositive power over the Anchor Investor’s allocated Founder Shares and shares purchased by the Sponsor in the private placement until the consummation of the Business Combination, following which time the Sponsor will distribute such securities to the Anchor Investor (subject to applicable lock-up or escrow restrictions).

Related Party Consulting Agreement

In April 2022, the Company entered into a consulting agreement with a related party. During the term of the agreement, the consultant (“Related Party Consultant”) will be responsible for financial modeling, compiling presentations, data room management, and research. The Company will pay the Related Party Consultant compensation in the form of $7,500 per month in cash, as well as $5,000 per month in the form of newly issued Class B common stock with an exercise price of $10.00 per share paid in arrears. The grant date of the stock-based compensation award under the agreement was April 1, 2022. The performance condition required for vesting is a successful business combination, the outcome of which is not considered probable until the event occurs. In November 2022, the Company executed an amendment to the consulting agreement with the related party. The Amendment changed the compensation structure to pay the Related Party Consultant $5,000 per month in cash and no additional compensation in the form of stock. The commencement date for the updated compensation structure was December 1, 2022. As such, as of September 30, 2023, no stock-based compensation expense has been recorded and will not be accrued for or recognized until a successful business combination occurs.

Additionally, the agreement will conclude upon the completion of a successful business combination. The Company incurred $15,000 and $45,000 for the three and nine months ended September 30, 2023, respectively, related to this agreement. The Company had $5,000 outstanding and payable to the Related Party Consultant as of September 30, 2023 and December 31, 2022, which were recorded to accounts payable.

Note 5. Commitments and Contingencies

Registration and Stockholder Rights

The holders of the Founder Shares, as well as the holders of the Private Units and any units that may be issued in payment of Working Capital Loans made to the Company, will be entitled to registration rights. The holders of a majority of these securities are entitled to make up to two demands that the Company register such securities. The holders of a majority of the Private Units and units issued in payment of Working Capital Loans (or underlying securities) can elect to exercise these registration rights at any time after the Company

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consummates a Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreements

The Company granted the underwriters a 45-day option from the date of the Initial Public Offering to purchase up to 3,000,000 additional Units to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discount. The underwriters exercised the option in full on February 28, 2022.

The underwriters were entitled to a cash underwriting discount of 2.00% of the gross proceeds of the Initial Public Offering, or $4,600,000, which was paid upon the closing of the Initial Public Offering.

The underwriters are also entitled to a cash deferred underwriting fee of 3.50% of the gross proceeds of the Initial Public Offering, or $8,050,000, payable to the underwriters for deferred underwriting fees. The full amount was placed in the Trust Account and will be released to the underwriters only on, and concurrently with, completion of an initial business combination. In October 2022, one of the Company's underwriters waived their right to 50% of the deferred underwriting fee, forfeiting $3,622,500 of their deferred underwriting fee. On April 17, 2023, the Company and one of the underwriters executed a revised Underwriting Agreement to forfeit the remaining portion of their deferred underwriting fee, or $3,622,500, resulting in a deferred underwriting fee of $805,000 payable upon consummation of a successful business combination. The one underwriter has forfeited an aggregate $7,245,000 of the deferred underwriting fee. As the Termination Date expires on November 28, 2023, the remaining deferred underwriter fee payable is classified as a current liability as of September 30, 2023.

For the three and nine months ended September 30, 2023, the Company recorded a $3,622,500 reduction of the deferred underwriter fee payable to accumulated deficit.

Placement Services Agreement

In August 2022, the Company entered into an agreement with a Placement Agent to serve as a non-exclusive capital markets advisor and placement agent for the Company in connection with a proposed private placement of the Company's equity or equity-linked, preferred, debt or debt-like, securities. The Placement Agent will receive a nonrefundable cash fee of $500,000 and an additional cash fee of $450,000 that is contingent upon the closing of the Business Combination. On August 10, 2022, the Company recorded the $500,000 nonrefundable cash fee within accrued expenses on the condensed balance sheets and as placement services fee expense on the condensed statements of operations. The Company has not incurred any amounts related to the $450,000 cash fee as of September 30, 2023 and payment of such amounts are contingent upon the closing of the Business Combination.

Consulting Agreement

In June 2022, the Company entered into a consulting agreement. During the term of the agreement, the consultant ("Consultant") will advise the Company concerning matters related to qualifying business combinations, including services such as de-SPAC readiness assessment, post transaction close preparation advisory, the overall capital markets climate related to global macroeconomic conditions, world leading exchanges, potential competitors, and general advice with respect to the business. The Company will pay the Consultant compensation in the form of $15,000 per month. Upon closing of an initial business combination, the Company will pay the Consultant a one-time success fee cash bonus of $25,000. Additionally, at the successful close of a business combination, the Company will pay a cash bonus of $50,000 if certain criteria are met for redemptions. Payment to the Consultant for any cash bonus fee is dependent upon the closing of an initial business combination. In November 2022, the Company terminated the agreement with the Consultant in accordance with the terms of the agreement. For the three and nine months ended September 30, 2023, the Company incurred $0, under this agreement. $0 and $15,000 was accrued for within accounts payable as of September 30, 2023 and December 31, 2022, respectively.

Note 6. Stockholders' Deficit

On February 23, 2022, the Company adopted the Second Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"). Under the Certificate of Incorporation, the total number of shares of all classes of capital stock, each with a par value of $0.0001 per share, which the Company is authorized to issue is 111,000,000 shares, consisting of (a) 110,000,000 shares of common stock (the "Common Stock"), including (i) 100,000,000 shares of Class A common stock (the "Class A Common

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Stock"), and (ii) 10,000,000 shares of Class B common stock (the "Class B Common Stock"), and (b) 1,000,000 shares of preferred stock (the "Preferred Stock").

In connection with the Special Meeting where stockholders approved of the Charter Amendment Proposal, stockholders properly elected to redeem an aggregate of 14,852,437 shares of Class A Common Stock at a redemption price of approximately $10.38 per share (the "Redemption"), for an aggregate redemption amount of $154,152,327. Following the Redemption, $84,562,944 remained in the Company's trust account (the "Trust Account"), not including any Extension Payments.

Preferred stock— The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's board of directors. At September 30, 2023 and December 31, 2022, there were no shares of preferred stock issued or outstanding.

Class A common stock— The Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of $0.0001 per share. Holders of Class A common stock are entitled to one vote for each common share. At September 30, 2023 and December 31, 2022, there were 890,000 shares of Class A common stock issued or outstanding, excluding 8,147,563 and 23,000,000 shares of Class A common stock issued and outstanding subject to possible redemption, respectively.

Class B common stock— The Company is authorized to issue 10,000,000 shares of Class B common stock with a par value of $0.0001 per share. On August 17, 2021, our sponsor purchased an aggregate of 5,750,000 shares of the Company's Class B common stock for an aggregate purchase price of $25,000 or approximately $0.004 per share (the "Founder Shares"). On February 7, 2022, we effected a 1:1.33333339 stock split of our Class B common stock, resulting in our initial stockholders holding 7,666,667 Founder Shares as of September 30, 2023 and December 31, 2022. All share and per-share amounts have been retroactively restated to reflect the stock split.

With respect to any matter submitted to a vote of our stockholders, including any vote in connection with a Business Combination, except as required by law, holders of our Founder Shares and holders of our Public Shares will vote together as a single class, with each share entitling the holder to one vote.

The shares of Class B common stock will automatically convert into Class A common stock at the time of Business Combination on a one-for-one basis, subject to adjustment. In the case that additional shares of Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts offered in the Initial Public Offering and related to the closing of a Business Combination, the ratio at which Class B common stock shall convert into Class A common stock will be adjusted (unless the holders of a majority of the outstanding Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance) so that the number of Class A common stock issuable upon conversion of all Class B common stock will equal, in the aggregate, on an as-converted basis, 25% of the sum of the total number of all shares of common stock outstanding upon the completion of the Initial Public Offering plus all shares of Class A common stock and equity-linked securities issued or deemed issued in connection with a Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in a Business Combination and excluding any private placement-equivalent shares and warrants underlying units issued to our Sponsor, its affiliates or any member of our management team upon conversion of Working Capital Loans.

Rights— Each holder of a right will automatically receive one-tenth (1/10) of one share of Class A common stock upon consummation of a Business Combination, even if the holder of a right redeemed all shares held by him, her or it in connection with a Business Combination or an amendment to the Company's Certificate of Incorporation with respect to its pre-business combination activities. In the event that the Company will not be the surviving company upon completion of a Business Combination, each holder of a right will be required to affirmatively exchange his, her or its rights in order to receive the one-tenth (1/10) of a share underlying each right upon consummation of the Business Combination.

The Company will not issue fractional shares in connection with an exchange of rights. Fractional shares will either be rounded down to the nearest whole share or otherwise addressed in accordance with the applicable provisions of Delaware law. As a result, the holders of the rights must hold rights in multiples of 10 in order to receive shares for all of the holders' rights upon closing of a Business Combination. If the Company is unable to complete an initial Business Combination by the Termination Date and the Company redeems the Public Shares for the funds held in the Trust Account, holders of rights will not receive any of such funds for their rights and the rights will expire worthless.

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Warrants— Each whole warrant entitles the registered holder to purchase one whole share of Class A common stock at a price of $11.50 per share, subject to adjustment, at any time commencing 30 days after the completion of the initial Business Combination. The warrants will expire five years after the completion of the initial Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company has agreed that as soon as practicable, but in no event later than 20 business days after the closing of the initial Business Combination, the Company will use its commercially reasonable efforts to file a post-effective amendment to the registration statement or a new registration statement with the SEC covering the registration, under the Securities Act, of the shares of Class A common stock issuable upon exercise of the warrants, and the Company will use its commercially reasonable efforts to cause the same to become effective within 60 business days after the closing of the initial Business Combination, and to maintain the effectiveness of such registration statement and a current prospectus relating to the shares of Class A common stock until the warrants expire or are redeemed, as specified in the warrant agreement; provided that if the shares of Class A common stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Public Warrants who exercise their warrants to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, it will not be required to file or maintain in effect a registration statement, but the Company will use its commercially reasonably efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. If a registration statement covering the shares of Class A common stock issuable upon exercise of the warrants is not effective by the 60th business day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption, but the Company will use its commercially reasonably efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the warrants, multiplied by the excess of the "fair market value" (defined below) less the exercise price of the warrants by (y) the fair market value. The "fair market value" as used in this paragraph shall mean the volume weighted average price of the Class A common stock for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

Redemption of warrants when the price per share of Class A common stock equals or exceeds $18.00.

Once the warrants become exercisable, the Company may redeem the outstanding warrants (except as described herein with respect to the Private Warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- provided that the reference value of the Class A common stock equals or exceeds $18.00 per share; and
- either there is an effective registration statement covering the issuance of the shares of Common Stock issuable upon exercise of the Public Warrants, and a current prospectus relating thereto, available throughout the 30-day redemption period; or
- the Company has elected to require the exercise of the Public Warrants on a "cashless basis".

In addition, if (x) the Company issues additional shares of Class A common stock or equity-linked securities for capital raising purposes in connection with the closing of the initial Business Combination at an issue price or effective issue price of less than $9.20 per common stock (with such issue price or effective issue price to be determined in good faith by the board of directors and, in the case of any such issuance to the Sponsor or its affiliates, without taking into account any Founder Shares held by the Sponsor or such affiliates, as applicable, prior to such issuance) (the "Newly Issued Price"), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of the initial Business Combination on the date of the consummation of the initial Business Combination (net of redemptions), and (z) the volume weighted average trading price of the Class A common stock during the 20 trading day period starting on the trading day prior to the day on which the Company consummates the initial Business Combination (such price, the "Market Value") is below $9.20 per share, the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the $18.00 per share redemption trigger price described above under "— Redemption of warrants when the price per share of Class A common stock equals or exceeds $18.00” will be adjusted (to the nearest cent) to be equal to 180% of the higher of the Market Value and the Newly Issued Price.

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The Private Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Warrants may be exercised for cash or on a “cashless basis”, the Private Warrants and the Class A common stock issuable upon exercise of the Private Warrants may be subject to certain transfer restrictions, and the Private Warrants are not redeemable at the option of the Company. The Private Warrants shall not become Public Warrants as a result of any transfer of the Private Warrants, regardless of the transferee.

If a tender offer, exchange or redemption offer shall have been made to and accepted by the holders of the Class A common stock and upon completion of such offer, the offeror owns beneficially more than 50% of the outstanding shares of Class A Common Stock, the holder of the warrant shall be entitled to receive the highest amount of cash, securities or other property to which such holder would actually have been entitled as a stockholder if such warrant had been exercised, accepted such offer and all of the Class A common stock held by such holder had been purchased pursuant to the offer. If less than 70% of the consideration receivable by the holders of the Class A common stock in the applicable event is payable in the form of common equity in the successor entity that is listed on a national securities exchange or is quoted in an established over-the-counter market, and if the holder of the warrant properly exercises the warrant within thirty days following the public disclosure of the consummation of the applicable event by the Company, the warrant price shall be reduced by an amount equal to the difference (but in no event less than zero) of (i) the warrant price in effect prior to such reduction minus (ii) (A) the Per Share Consideration (as defined in the warrant agreement) minus (B) the value of the warrant based on the Black-Scholes Warrant Value for a Capped American Call on Bloomberg Financial Markets.

Note 7.Income Tax

During the nine months ended September 30, 2023 and 2022, the Company recorded a tax provision of $853,922 and $278,308, respectively. The effective tax rate for the nine months ended September 30, 2023 and 2022 was 20.86% and (47.94)%, respectively. During the three months ended September 30, 2023 and 2022, the Company recorded a tax provision of $222,209 and $228,946, respectively. The effective tax rate for the three months ended September 30, 2023 March 31, 2024 and 2022 was 96.85% and 276.34%, respectively. The Company's effective tax rate differs from for the statutory income tax rate of 21.0% primarily due to year ended December 31, 2023 identifies the change in valuation allowance against deferred tax assets.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize its deferred tax assets, which primarily consist of net operating loss carryforwards. The Company has considered its history of cumulative net losses, estimated future taxable income and prudent and feasible tax planning strategies and has concluded that it is more likely than not that the Company will not realize the benefits of its deferred tax assets. As a result, as of September 30, 2023 and December 31, 2022, the Company has recorded a full valuation allowance against its net deferred tax assets.

Note 8.Fair Value Measurements

Cash and marketable securities held in the Trust Account must be recorded on the balance sheet at fair value and are subject to re-measurement at each balance sheet date. With each re-measurement, the valuations will be adjusted to fair value, with the change in fair value recognized in the Company's condensed statements of operations.

The following table presents the fair value information, as of September 30, 2023, of the Company's financial assets that were accounted for at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. The Company's marketable securities held in the Trust Account are based on dividend and interest income and market fluctuations in the value of invested marketable securities, which are considered observable. The fair value of the marketable securities held in trust is classified within Level 1 of the fair value hierarchy.

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The following table sets forth by level within the fair value hierarchy the Company's assets and liabilities that were accounted for at fair value on a recurring basis:

As of September 30, 2023	Level 1	Level 2	Level 3
Assets			
Marketable securities held in trust account	$ 86,038,091	$ —	$ —

As of December 31, 2022	Level 1	Level 2	Level 3
Assets			
Marketable securities held in trust account	$ 235,586,028	$ —	$ —

The tables below represent the carrying value, fair value and fair value hierarchy category existence of certain financial assets and liabilities conditions that are recorded at fair value in the Company's condensed balance sheets for the periods. The promissory notes with related parties are classified as Level 2 measurements as the inputs underlying the conversion options would largely be driven by the fair value of Class A common stock and Public Warrants for which quoted prices are observable in active markets.

As of September 30, 2023	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities					
Promissory note – related party	$ 1,703,500	$ 1,703,500	$ —	$ 1,703,500	$ —

As of December 31, 2022	Carrying Value	Fair Value	Level 1	Level 2	Level 3
Liabilities					
Promissory note – related party	$ 806,170	$ 806,170	$ —	$ 806,170	$ —

Note 9.Subsequent Events

On November 13, 2023, the Company withdrew $380,000 of funds from the Trust Account as allowed for tax payment obligations.

On October 8, 2023, November 1, 2023 and November 6, 2023 the Company drew down an additional $100,000, $10,000 and $40,000 on the Second WC Promissory Note, respectively, bringing the outstanding balance to $223,500 with $426,500 available borrowing capacity.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "Clean Earth Acquisitions Corp.," "us" or "we" refer to Clean Earth Acquisitions Corp. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" that are not historical facts and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Quarterly Report including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Words such as "expect," "believe," "anticipate," "intend," "estimate," "seek" and variations and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to the Risk Factors section of the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at www.sec.gov. Except as expressly required by applicable securities law, the Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Overview

Clean Earth Acquisitions Corp. was incorporated in Delaware on May 14, 2021. The Company is a blank check company formed for the purpose of effecting a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (the “Business Combination”).

On October 12, 2022, we entered into a Business Combination Agreement with Alternus Energy Group Plc (the “Seller” or “Alternus”). Pursuant to the Business Combination Agreement, we will acquire certain subsidiaries of the Seller, for up to 90 million shares. Initially, we will issue 55 million shares at closing (subject to a working capital adjustment capped at 1 million additional shares) plus up to 35 million shares subject to certain earn-out provisions, which will be deposited in escrow and will be released if certain conditions are met. The parties amended the terms of the Business Combination Agreement on April 12, 2023 pursuant to the First Amendment (see Note 1 to the condensed financial statements).

As of September 30, 2023, the Company had not commenced any operations. All activity through September 30, 2023, relates to the Company’s formation and the initial public offering (“Initial Public Offering”), which is described below, and following the Initial Public Offering, identifying a target company for a Business Combination and negotiating a Business Combination Agreement. The Company will not generate any operating revenues until after the completion of a Business Combination, at the earliest. The Company will generate non-operating income in the form of interest and dividend income from the proceeds derived from the Initial Public Offering placed in the Trust Account (described below).

The registration statement for the Company’s Initial Public Offering was declared effective on February 23, 2022 (the “Effective Date”). On February 28, 2022, the Company consummated the Initial Public Offering of 23,000,000 Units at $10.00 per Unit, generating gross proceeds of $230,000,000, which is discussed in Note 3 to the condensed financial statements. Simultaneously with the closing of the Initial Public Offering, the Company consummated the sale of 890,000 Private Placement Units (the “Private Units”) at a price of $10.00 per Private Unit in a private placement with Clean Earth Acquisitions Sponsor, LLC (the “Sponsor”) generating proceeds of $8,900,000 from the sale of the Private Units.

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Following the closing of the Initial Public Offering on February 28, 2022, $232,300,000 ($10.10 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the sale of the Private Units was placed in a trust account ("Trust Account"), located in the United States invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 185 days or less or in money market funds selected by the Company meeting the conditions of Rule 2a-7(d) of the Investment Company Act, which invest only in direct U.S. government treasury obligations, until the earlier of: (i) the completion of a Business Combination, (ii) the redemption of any Public Shares properly submitted in connection with a stockholder vote to amend the Company's Second Amended and Restated Certificate of Incorporation, and (iii) the redemption of the Company's Public Shares if the Company is unable to complete the initial Business Combination by the Termination Date (defined below).

On May 25, 2023, the Company and Alternus executed a mutual written consent pursuant to which the Company and Alternus agreed pursuant to Section 7.03(b) of the Business Combination Agreement, to extend the Termination Date (as defined in the Business Combination Agreement) to November 28, 2023 (the "Termination Date").

On May 25, 2023, the Company held a special meeting of stockholders (the "Special Meeting", during which the Company's stockholders approved the proposal (the "Charter Amendment Proposal") to amend the Company's amended and restated certificate of incorporation to give the Company the right to extend the date by which it has to consummate a business combination up to six times, from May 28, 2023 to November 28, 2023, composed of six one-month extensions (each an "Extension," and the end date of each Extension, the "Extended Date"), by depositing into the Trust Account on the then-applicable Extension Date, for each Extension, the lesser of (i) $195,000 and (ii) $0.04 for each share of the Company's Class A common stock not redeemed in connection with the Charter Amendment Proposal until November 28, 2023, or such earlier date as determined by the Board (assuming the Company's business combination has not occurred) in exchange for a non-interest bearing, convertible unsecured promissory note payable upon consummation of a business combination.

In connection with the Special Meeting, stockholders properly elected to redeem an aggregate of 14,852,437 shares of Class A common stock at a redemption price of approximately $10.38 per share (the "Redemption"), for an aggregate redemption amount of $154,152,327. Following the Redemption, $84,562,944 remained in the Company's Trust Account, not including any Extension Payments, as described above.

On November 7, 2023, the Company filed a definitive proxy statement in connection with a special meeting of stockholders, to consider and approve an extension of the date by which the Company must consummate a business combination.

The Securities and Exchange Commission accepted the Company's definitive proxy statement on November 13, 2023, which announced the date for the Company's Special Meeting of Stockholders, to among other things, approve the business combination previously announced, with Alternus Energy Group plc, a transatlantic clean energy independent power producer. The Company will hold the Special Meeting on December 4th, 2023 at 10:00 AM EST virtually via live webcast. Stockholders of record as of the close of business on November 8th, 2023 (the "Record Date") are entitled to receive notice of, attend and vote at the Special Meeting.

Results of Operations

Our entire activity from inception through September 30, 2023 relates to our formation, the Initial Public Offering and, since the closing of the Initial Public Offering, a search for, and negotiation with, a Business Combination candidate. We will not be generating any operating revenues until the closing and completion of our Business Combination at the earliest.

For the three months ended September 30, 2023, we had net income of $7,216, which consisted of $1,107,180 of dividend income on marketable securities held in the Trust Account, and $2 of interest income on the operating bank account, partially offset by $672,962 in legal and accounting expenses, $50,000 of franchise tax expense, a $222,009 provision for income taxes, $106,518 of insurance expense, $8,766 of dues and subscriptions, and $39,711 of marketing and advertising expenses, listing fee, general and administrative expenses and bank fees.

For the nine months ended September 30, 2023, we had net income of $3,239,010, which consisted of $4,216,253 of dividend income on marketable securities held in the Trust Account, $1,663,187 realized gains on marketable securities held in the Trust Account, and $40 of interest income on the operating bank account, partially offset by $1,049,820 in legal and accounting expenses, $150,000 of franchise tax expense, a $853,922 provision for income taxes, $319,559 of insurance expense, $169,314 of dues and subscriptions, and $97,854 of marketing and advertising expenses, listing fee, general and administrative expenses and bank fees.

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For the three months ended September 30, 2022, we had a net loss of $146,096, which consisted of a $500,000 placement services fee, $334,967 in legal and accounting expenses, $50,000 of franchise tax expense, a $228,946 provision for income taxes, $106,521 of insurance expense, and $6,290 in dues and subscriptions, marketing and advertising expenses, and bank fees expenses, partially offset by $261,381 of dividend income on marketable securities held in the Trust Account and $877,634 of realized gains on marketable securities held in the Trust Account.

For the nine months ended September 30, 2022, we had a net loss of $858,816, which consisted of a $500,000 placement services fee, $1,016,032 in legal and accounting expenses, $150,000 of franchise tax expense, a $278,308 provision for income taxes, $253,621 of insurance expense, and $134,9298 in dues and subscriptions, marketing and advertising expenses, and bank fees expenses, partially offset by $596,440 of dividend income on marketable securities held in the Trust Account and $877,634 of realized gains on marketable securities held in the Trust Account.

Going Concern

As of September 30, 2023, the Company had $9,266 of operating cash and a working capital deficit of $3,861,647. At September 30, 2023, working capital deficit excludes the amount of marketable securities held in Trust Account and deferred underwriting fee payable.

The Company's liquidity needs through September 30, 2023 had been satisfied through a payment from the Sponsor of $25,000 for Class B common stock, par value $0.0001 per share ("Class B common stock" and shares thereof, "founder shares"), the Initial Public Offering and the issuance of the Private Units. Additionally, the Company drew on unsecured promissory notes to pay certain offering costs, an unsecured promissory note to fund Extension Payments, and an unsecured working capital promissory note.

The Company has incurred and expects to continue to incur significant costs in pursuit of its financing and acquisition plans. The Company lacks the financial resources it needs to sustain operations for a reasonable period of time, which is considered to be one year from the issuance date of the financial statements. The Sponsor is committed to extend Working Capital Loans as needed. The Company cannot assure that its plans to consummate an initial Business Combination will be successful. In addition, management continues to evaluate the impact of volatile and disruptive credit and financial markets and the current conflict between Ukraine and Russia and Hamas' attack on Israel and their effects on the Company's financial position, results of its operations and/or search for a target company.

These factors, among others, raise substantial doubt about the Company's our ability to continue as a going concern one year for twelve months from the date issuance of this report. Refer to Footnote 2 of the accompanying financial statements are issued. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. for more information.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities as of September 30, 2023.

The underwriters of the Initial Public Offering are entitled to a cash deferred underwriting fee of $0.35 per Unit, or $8,050,000 in the aggregate. The deferred underwriting fee will become payable to the underwriters from the amounts held in the Trust Account solely in the event that we complete a Business Combination, subject to the terms of the underwriting agreements. In October 2022, January 2021, one of the Company's underwriters waived their subsidiaries, Solis Bond Company DAC ("Solis"), issued a series of 3-year senior secured green bonds in the maximum amount of $242.0 million (€200 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 million (€33 million), and funding acquisitions of approximately $87.2 million (€72.0 million). The bonds are secured by Solis' underlying assets. The Company raised approximately $125.0 million (€110.0 million) in the initial funding. In November 2021, Solis completed an additional issue of $24 million (€20 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 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 March 31, 2024 and December 31, 2023, there was $87.3 million and $166.1 million outstanding on the Bond, respectively.

As of March 31, 2024, Solis 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. 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 the Maturity Date. 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. Additionally, Solis bondholders 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 EUR 10 million, and such assets will be divested to ensure repayment of up to EUR. 10 million should ts not be fully repaid by the Maturity Date.

Additionally, because Solis was unable to fully repay the Solis Bonds by September 30, 2023, Solis' bondholders have the right to 50% 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 March 31, 2024 is currently €80.8 million (approximately $87.3 million). If the ownership of Solis and all of its subsidiaries were to be transferred to the Solis bondholders, the majority of the deferred underwriting fee, forfeiting $3,622,500 of their deferred underwriting fee. The underwriter has additionally waived their remaining 50% Company's 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. On December 18, 2023, a representative group of the deferred underwriting fee of $3,622,500 on April 17, 2023. As a result, the deferred underwriting fee has been reduced to $805,000. The deferred underwriter fee payable was $805,000 as of September 30, 2023.

Commitments and Contingencies

Registration Rights

The holders bondholders approved an extension of the Founder Shares, as well as temporary waivers and the holders maturity date of the Private Units and any units that may be issued in payment of Working Capital Loans made Solis Bonds until January 31, 2024, with the right to further extend to February 29, 2024, at the Company, will be entitled to registration rights. The holders of a majority of these securities are entitled to make up to two demands that the Company register such securities. The holders of Solis Bond trustee's discretion, which was subsequently approved by a majority of the Private Units bondholders on January 3, 2024. On March 12, 2024, the Solis Bondholders approved resolutions to further extend the temporary waivers and units issued the maturity date until April 30, 2024 with the right to further extend to May 31, 2024 at the Bond Trustee's discretion, which it granted, and thereafter on a month-to-month basis to November 29, 2024 at the Bond Trustee's discretion and approval from a majority of Bondholders. As such, the Solis bond debt is currently recorded as short-term debt.

On December 28, 2023, Solis sold 100% of the share capital in its Italian subsidiaries for approximately €15.8 million (approximately $17.5 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). Additionally, on February 14, 2024, Solis exercised its call options to repay €59,100,000 million (approximately $68.5 million) of amounts outstanding under the bonds. Subsequently, on May 1, 2024, Solis made an interest payment of Working €1,000,000 (approx. $1,069,985.00) to the Bondholders, which is approximately 50% of the total interest due for the first quarter of 2024. The remaining interest amount will be paid alongside, and in addition to, the next interest payment due July 6, 2024 from Solis' ongoing business operations. Solis will incur a late payment penalty in accordance with the Bond Terms, which will also be paid in July 2024.

On March 20, 2024, we received a letter from the Nasdaq Listing Qualifications Staff of The Nasdaq Stock Market LLC therein stating that for the 32 consecutive business day period between February 2, 2024 through March 19, 2024, the Common Stock had not maintained a minimum closing bid price of $1.00 per share required for continued listing on The Nasdaq Capital Loans (or underlying securities) can elect Market pursuant to exercise these registration rights at Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Rule"). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company was provided an initial period of 180 calendar days, or until September 16, 2024 (the "Compliance Period"), to regain compliance with the Bid Price Rule. If the Company does not regain compliance with the Bid Price Rule by September 16, 2024, the Company may be eligible for an additional 180-day period to regain compliance. If the Company cannot regain compliance during the Compliance Period or any subsequently granted compliance period, the Common Stock will be subject to delisting. At that time, after the Company

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Table may appeal the delisting determination to a Nasdaq hearings panel. The notice from Nasdaq has no immediate effect on the listing of Contents

consummates a business combination. the Common Stock and the Common Stock will continue to be listed on The Nasdaq Capital Market under the symbol "ALCE." The Company is currently evaluating its options for regaining compliance. There can be no assurance that the Company will bear the expenses incurred in connection regain compliance with the filing Bid Price Rule or maintain compliance with any of any such registration statements. the other Nasdaq continued listing requirements.

Underwriting Agreements

The Company granted is currently working on several processes to address the underwriters 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

On December 21, 2022, the Company's wholly owned Irish subsidiaries, AEG JD 01 LTD and AEG MH 03 LTD entered in a 45-day option from financing facility with Deutsche Bank AG ("Lender"). This is an uncommitted revolving debt financing of up to €500,000,000 to finance eligible project costs for the acquisition, construction, and operation of installation/ready to build solar PV plants across Europe. (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.

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 Initial Public Offering first draw in June 2022. In May 2023, the loan was extended, and the interest rate was revised to purchase up 18% from June 1, 2023. In July 2023, the loan agreement was further extended to 3,000,000 additional Units October 31, 2023. In November 2023, the loan agreement was further extended to cover over-allotments, if any, at the Initial Public Offering price less the underwriting discounts and deferred underwriting fee. The underwriters exercised the option in full on February 28, 2022 May 31, 2024.

The underwriters were entitled Due to a cash underwriting discount these addendums, $0.9 million of 2.00% of the gross proceeds of the Initial Public Offering, or $4,600,000, which interest was paid upon the closing of the Initial Public Offering.

The underwriters are also entitled to a cash deferred underwriting fee of 3.50% of the gross proceeds of the Initial Public Offering, or $8,050,000, payable to the underwriters for deferred underwriting fees. The full amount was placed recognized in the Trust Account three months ended March 31, 2024. The Company had principal outstanding of $10.8 million and will be released to the underwriters only on, and concurrently with, completion of an initial Business Combination. As the Termination Date is November 28, 2023, the deferred underwriter fee payable is classified as a current liability $11.0 million as of September 30, 2023. March 31, 2024 and December 31, 2023, respectively.

In OctoberJune 2022, oneAlt US 02, a subsidiary of the Company's underwriters waived their right to 50%Alternus Energy Americas, and indirect wholly owned subsidiary of the deferred underwriting fee, forfeiting $3,622,500 of their deferred underwriting fee. The underwriter has subsequently waived their remaining 50% of the deferred underwriting fee of $3,622,500 on April 17, 2023. As a result, the deferred underwriting fee payable has been reduced to $805,000 as of September 30, 2023.

Placement Services Agreement

In August 2022, 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 Placement Agent to serve as a non-exclusive capital markets advisor and placement agent for the Company in connection with a proposed private placementvariable interest rate of the Company's equity or equity-linked, preferred, debt or debt-like, securities. The Placement Agent will receive a nonrefundable cash fee of $500,000prime plus 2.5% and an additional cash feeoriginal maturity date of $450,000 that is contingent upon the closing of the Business Combination.June 29, 2023. On August 10, 2022January 26, 2024, the Company has recorded the $500,000 nonrefundable cash fee within accrued expenses on the condensed balance sheets and as placement services fee expense on the statement of operations.loan was extended to June 29, 2024 due to logistical issues that caused construction delays. The Company has not incurred any amounts related to the $450,000 cash feehad principal outstanding of $5.4 million and $4.3 million as of September 30, 2023March 31, 2024 and paymentDecember 31, 2023, respectively.

On February 28, 2023, Alt US 03, a subsidiary of such amounts are contingent upon the closingAlternus Energy Americas, and indirect wholly owned subsidiary of the Business Combination.

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Consulting Agreement

In June 2022, the Company, entered into a consulting agreement. During the terman agreement as part of the agreement,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 2.5% and due May 31, 2024. This note had a principal outstanding balance of $717 thousand as of March 31, 2024 and December 31, 2023, respectively.

In July 2023, one of the consultant (“Consultant”) will advise 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. The project is expected to start operating in Q1 2025. 100% of offtake is already secured by 30-year power purchase agreements with two regional utilities. The Company had a principal outstanding balance of $7.0 million as of March 31, 2024 and December 31, 2023, respectively. As of the date of this report this loan is currently in default, but management is in active discussions with the lender to renegotiate the terms.

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 bank loan having a six-month term and accruing ’Six Month Euribor’ plus 2% margin, currently 5.9% interest. On January 24, 2024, the maturity date was extended to July 28, 2024. The portfolio consists of six projects totaling 24.4 MWp. This note had a principal outstanding balance of $3.2 million as of March 31, 2024 and December 31, 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. In March 2024, the Company concerning matters began accruing interest at a rate of 10%. Additionally, 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. The Company had a principal outstanding balance of $1.8 million as of March 31, 2024 and $3.2 million as of December 31, 2023. As of the date of this report this loan is currently in default, but management is in active discussions with the lender to renegotiate the terms.

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. The project is expected to start operating in Q2 2025. 100% of offtake is already secured by 30-year power purchase agreements with two regional utilities. This note had a principal outstanding balance of $1.1 million as of March 31, 2024 and December 31, 2023, respectively.

In December 2023, as part of the Business Combination, the Company assumed an existing loan 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 $1.4 million as of March 31, 2024 and $1.6 million as of December 31, 2023.

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 1,320,000 shares of restricted common stock.

For the year ended December 31, 2023, 225,000 shares of Common Stock were issued at Closing to the Sponsor of Clean Earth to settle CLIN promissory notes of $1.6 million. The shares were issued at the closing price of $5 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.

On March 21, 2024, ALCE and the Sponsor of Clean Earth ("CLIN") agreed to a settlement of a $1.2 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 225,000 shares to the Sponsor 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 $0.47 on the date of issuance.

Material Cash Requirements from Known Contractual Obligations

The Company's contractual obligations consist of operating leases generally related to qualifying business combinations, including services such the rent of office building space, as de-SPAC readiness assessment, post transaction close preparation advisory, well as land upon which the overall capital markets climate related to global macroeconomic conditions, world leading exchanges, potential competitors, 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 general advice with respect to expire between 2027 and 2055.

For the business. three months ending March 31, 2024 and 2023, the Company incurred operating lease expenses from continuing operations of $65 thousand and $50 thousand, respectively. The following table summarizes the Company's future minimum contractual operating lease payments as of March 31, 2024.

Maturities of lease liabilities as of March 31, 2024 were as follows:

Five-year lease schedule:	(in thousands)
2024 Apr 1 – Dec 31	$ 154
2025	235
2026	241
2027	247
2028	215
Thereafter	2,021
Total lease payments	3,113
Less imputed interest	(1,748)
Total	$ 1,365

The Company will pay had no finance leases as of March 31, 2024.

In October 2023, the Consultant compensation 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 Three Months Ended March 31, 2024 compared to March 31, 2023

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

	Three Months Ended March 31,		
	2024	2023	Change ($)
	(in thousands)		
Net cash provided by (used in) operating activities	(5,428)	1,179	(6,607)
Net cash provided by (used in) operating activities – Discontinued Operations	(2,085)	(805)	1,280
Net cash provided by (used in) investing activities	65,486	(1,028)	66,514
Net cash provided by (used in) investing activities – Discontinued Operations	-	(52)	52
Net cash provided by (used in) financing activities	(76,635)	1,937	(78,572)

Net cash provided by (used in) financing activities – Discontinued Operations	(3,151)	(325)	2,826
Effect of exchange rate on cash	(528)	215	(743)

Net Cash Used in Operating Activities

Net cash used in continuing operating activities for the three months ended March 31, 2024 compared to 2023 increased by $6.6 million. The increase of $5.3 million in 2024 was primarily driven by an increase of interest expense, an increase in selling, general, and administrative expenses, and a decrease in revenues in the form first quarter of $15,000 per month. Upon closing 2024. The remaining increase was a result of an initial the normal fluctuations of receivables and payables over the normal course of business combination, operations.

Net cash used in discontinued operating activities for the Company will pay three months ended March 31, 2024 compared to 2023 increased by $1.3 million. The net income increased by $3.0 million primarily driven by the Consultant gain on the sale of the Polish parks offset by the reclassification of Solis bond interest expense to discontinued operations that covers the portion of the Poland and Netherlands parks before they were sold.

Net Cash Used in Investing Activities

Net cash provided by continuing investing activities for the three months ended March 31, 2024 compared to 2023 increased by $66.5 million. This was a one-time success fee result of the cash bonus received for the sale of $25,000. Additionally, at the successful close Polish parks of $59.4 million and from the sale of the Netherlands park of $7.1 million.

Net cash used in discontinued investing activities for the three months ended March 31, 2024 compared to 2023 decreased by $52 thousand. This was a result of the derecognition of a business combination, small, miscellaneous project in Poland.

Net Cash Provided by Financing Activities

Net cash used in continuing financing activities for the Company will pay a three months ended March 31, 2024 compared to 2023 decreased by $78.6 million mainly driven by the $75.2 million payment made towards the Solis bond principal balance.

Net cash bonus of $50,000 if certain criteria are met used in discontinued financing activities for redemptions. Payment the three months ended March 31, 2024 compared to the Consultant for any cash bonus fee is dependent upon the closing of an initial business combination. In November 2022, the Company terminated the agreement 2023 increased by $2.8 million due to related party transaction activity with the Consultant parent company in accordance with the terms of the agreement. As of September 30, 2023, the Company has incurred and paid $79,353 under this agreement as of September 30, 2023. 2023.

Critical Accounting Estimates

The preparation of

In the notes to our consolidated financial statements and related disclosures in conformity with Part II, "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*" included in our 2023 Annual Report on Form 10-K, we have disclosed those accounting policies that we consider to be most significant in determining our results of operations and financial condition and involve a higher degree of judgment and complexity. There have been no changes to those policies that we consider to be material since the filing of our 2023 Annual Report on Form 10-K. The accounting principles generally accepted used in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the preparing our condensed consolidated financial statements conform in all material respects to GAAP.

Changes in and income Disagreements with Accountants on Accounting and expenses during Financial Disclosure

None.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, see "Item 7A., Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the periods reported. Actual results could materially differ from those estimates. We year ended December 31, 2023. Our exposures to market risk have not identified any critical accounting estimates. changed materially since December 31, 2023.

Recent Accounting Pronouncements

Refer to "Recent Accounting Pronouncements" in Note 2 in the notes to the condensed financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK Item 4. Controls and Procedures

We are a smaller reporting company as defined by Rule 12b-2

Evaluation of the Exchange Act Disclosure Controls and are not required to provide the information otherwise required under this item. Procedures

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Our disclosure controls and procedures are controls and other procedures that are designed to ensure that the information we are required to be disclosed disclose in our reports filed that we file or submitted 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 the SEC's SEC rules and forms. Disclosure controls forms, and procedures include, without limitation, controls and procedures designed to ensure that such information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls

Our management, with the participation and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, supervision of our Chief Executive Officer and our Chief Financial Officer, carried out an evaluation of have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2023. the end of the period covered by this annual report. Based upon their on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures (as 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 the majority shareholder.

REFINITIV

- 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 13 a-15(e) 13a-15(f) and 15d-15(e) 15d-15(f) under the Exchange Act) were effective. 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, 2023. 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 was have been no change changes in our internal control procedures over financial reporting that occurred (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the our fiscal quarter ended September 30, 2023 covered by this Quarterly Report on Form 10-Q March 31, 2024 that has have materially affected, or is are reasonably likely to materially affect, our internal control over financial reporting.

PART II - – OTHER INFORMATION

ITEM Item

1. LEGAL PROCEEDINGS. Legal Proceedings

None.

From time to time, we are subject to various legal proceedings and claims that arise in the ordinary course of our business activities. In connection with such litigation, the Company may be subject to significant damages. We may also be subject to equitable remedies and penalties. Such litigation could be costly and time consuming and could divert or distract Company management and key personnel from its business operations. Although the results of litigation and claims cannot be predicted with certainty, as of the date of this registration statement, we do not believe we are party to any claim or litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our business. However, due to the uncertainty of litigation and depending on the amount and the timing, an unfavorable resolution of some or all of these matters could materially affect the Company's business, results of operations, financial position, or cash flows.

On May 4, 2023 Alternus received notice that Solartechnik filed an arbitration claim against Alternus Energy Group PLC, Solis Bond Company DAC and ALT POL HC 01 SP. Z.o.o. in the Court of Arbitration at the Polish Chamber of Commerce, claiming that PLN 24,980,589 (approximately $5.8 million) is due and owed to Solartechnik pursuant to a preliminary share purchase agreement by and among the parties that did not ultimately close, plus costs, expenses, legal fees and interest. The Company has accrued a liability for this loss contingency in the amount of approximately $6.8 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 Solartechnik 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 Company intends to vigorously defend this action.

ITEM Item

1A. RISK FACTORS. Risk Factors

Factors that could cause our actual results

In addition to differ materially from those the other information set forth in this report, include you should carefully consider the risk factors described discussed in Part I, "*Item 1A. Risk Factors*" in our 2023 Annual Report on Form 10-K, filed with the SEC. As of the date of this Quarterly Report, there which could materially affect our business, financial condition or future results. There have been no material changes during fiscal 2024 to the risk factors disclosed in our Annual Report on Form 10-K filed with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS FROM REGISTERED SECURITES.

On February 28, 2022, we consummated our initial public offering of 23,000,000 Units, including 3,000,000 Units purchased pursuant to the full exercise of the underwriters' over-allotment option. Each Unit consists of one share of Class A common stock, par value $0.0001 per share, one right to receive one-tenth of one share of Class A common stock, for no additional consideration, upon the consummation of an initial business combination and one-half of one redeemable warrant of the Company, with each whole warrant entitling the holder thereof to purchase one share of Class A common stock for $11.50 per share, subject to adjustment. The Units that were sold at a price of $10.00 per Unit, generating gross proceeds to the Company of $230,000,000. Citigroup Global Markets Inc. served as the sole bookrunner and Jones Trading Institutional Services LLC served as co-manager for the initial public offering. The units sold in the initial public offering were registered under the Securities Act on a registration statement on Form S-1 (No. 333-261201), which was declared effective by the SEC on February 23, 2022.

Simultaneously with the consummation of the initial public offering, we consummated a private placement of 890,000 Private Placement Units to Clean Earth Acquisitions Sponsor LLC at a price of $10.00 per Private Placement Unit, generating total proceeds of $8,900,000. Such securities were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. Each Private Placement Unit consists of one share of Class A common stock, and one half of a Private Placement Warrant.

The Private Placement Warrants are identical to the warrants included in the units issued in the initial public offering, except that, if held by the sponsor or its permitted transferees, (a) they are not redeemable by the Company, (b) they (including the underlying Class A common stock) may not be transferred, assigned or sold until 30 days after the consummation Form 10-K.

Item 2. Unregistered Sales of the Company's initial business combination, subject to certain limited exceptions, Equity Securities and (c) they may be exercised on a cashless basis.

Of the gross proceeds received from the Initial Public Offering and private placement, an amount Use of $232,300,000 ($10.10 per unit) was placed in the Trust Account. In connection with the Special Meeting, stockholders properly elected to redeem an aggregate Proceeds

Sales of 14,852,437 shares of Class A Common Stock at a redemption price of approximately $10.38 per share (the "Redemption"), for an aggregate redemption amount of $154,152,327. Following the Redemption, $84,562,944 remained in the Trust Account, not including any Extension Payments, as described elsewhere in this Quarterly Report.

We incurred a total of $18,678,975 in offering costs related to the initial public offering. We paid a total of $4,600,000 in underwriting discounts, $4,736,326 in incentives to an anchor investor and $1,292,649 in actual offering costs. In addition, the underwriters agreed to defer $8,050,000 in underwriting fees (which is currently held in the Trust Account), which will be payable only upon consummation of an initial business combination. The amount of deferred underwriting fee was subsequently reduced to $4,427,500 in October 2022. On April 17, 2023, the amount of deferred underwriting fee was further reduced to $805,000.

- On January 11, 2024, we 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.

For a description of the use of the proceeds generated in our initial public offering, see Part I, Item 2 of this Quarterly Report.

- On January 23, 2024 we issued 81,301 shares of restricted common stock valued at $1.01 per share to Outside the Box Capital Inc. in exchange for services.

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- On February 5, 2024 we issued to SCM Tech, LLC 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 $86,000.
- On February 20, 2024 we issued 100,000 shares of restricted common stock valued at $0.35 per share to Moneta Advisory Partners, LLC in exchange for services.

- On March 19, 2024 we issued 225,000 shares of restricted common stock valued at $0.47 per share to SPAC Sponsor Capital Access.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

●

No.	Description On April 19, 2024, the Company issued (a) a senior convertible note in the principal amount of Exhibit
2.1	Business Combination Agreement, dated as of October 12, 2022, by and among Clean Earth Acquisitions Corp., Alternus Energy Group Plc and Clean Earth Acquisitions Sponsor LLC (previously filed as $2,160,000, bearing an exhibit to our Current Report on Form 8-K filed on October 12, 2022 eight percent (8.0%) original issue discount (the "Convertible Note"), and incorporated herein).
2.2	First Amendment (b) a warrant (the "Warrant") to purchase up to 2,411,088 shares of the Business Combination Agreement, dated as Company's common stock, $0.0001 par value per share (the "Common Stock"), equal to 50% of April 12, 2023, the face value of the Convertible Note divided by and among Clean Earth Acquisitions Corp., Alternus Energy Group Plc and Clean Earth Acquisitions Sponsor LLC (previously filed as the volume weighted average price, at an exhibit to our Current Report on Form 8-K filed on April 18, 2023, and incorporated herein) exercise price of $0.480 per share (the "Exercise Price").
2.3	Written Consent Pursuant to the Business Combination Agreement (previously filed as an exhibit said offering, the Company received gross proceeds of $2,000,000, before fees and other expenses associated with the transaction.

- On May 8, 2024, we issued 330,000 shares of restricted common stock valued at $0.35 per share to our Current Report on Form 8-K filed on May 30, 2023, and incorporated herein). a third party consultant in exchange for services.
- On May 8, 2024 we issued 100,000 shares of restricted common stock valued at $0.35 per share to a third party consultant in exchange for services.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Amendment of the Second Third Amended and Restated Certificate of Incorporation of Alternus Clean Earth Acquisitions Corp. (previously filed as an exhibit Energy, Inc. (incorporated by reference to our 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 May 30, 2023, and incorporated herein). December 22, 2023
10.1 3.2	Sponsor Support Agreement, dated as Amended and Restated Bylaws of October 12, 2022 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)
10.1	Form of Warrant Certificate that was issued by and among Clean Earth Acquisitions Corp., 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 Alternus Energy Group Plc (previously filed as an exhibit Exchange Commission on January 19, 2024)
10.2	Share Purchase Agreement by and among Solis Bond Designated Activity Company and Theia Investment (Netherlands) 1 B.V. dated January 16, 2024 (incorporated by reference to our 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 12, 2022, and incorporated herein). January 16, 2024).
10.2 31.1*	Investor Rights Agreement, dated as of October 12, 2022, by and among Clean Earth Acquisitions Corp., Clean Earth Acquisitions Sponsor LLC and Alternus Energy Group Plc (previously filed as an exhibit to our Current Report on Form 8-K filed on October 12, 2022, and incorporated herein).
10.3	Letter Agreement, dated April 17, 2023 between Clean Earth Acquisitions Corp. and Citigroup Global Markets Inc. (previously filed as an exhibit to our Current Report on Form 8-K filed on April 18, 2023, and incorporated herein).
10.4	Amendment to the Investment Management Trust Agreement (previously filed as an exhibit to our Current Report on Form 8-K filed on May 30, 2023, and incorporated herein).
31.1*	Certification of Principal the Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 2002.
31.2* 32.1**	Certification of Principal by the Chief Executive Officer and Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant pursuant to 18 U.S.C. Section 1350 as adopted Pursuant pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 2002.
32.2** 101.INS	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS*	Inline XBRL Instance Document.
101.SCH* 101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL* 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF* 101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB* 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE* 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104* 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
herewith

** Furnished.
Exhibits 32.1 and 32.2 are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise specifically stated in such filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEAN EARTH ACQUISITIONS CORP.

By: */s/ Vincent Browne*

Vincent Browne

Chairman and Chief Executive Officer

Date: November 14, 2023

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 May 21, 2024.

Signature	**Title**	**Date**
/s/ Vincent Browne **Vincent Browne**	Chairman, Chief Executive Officer, and Interim Chief Financial Officer (Principal Executive Officer)	May 21, 2024
/s/ Aaron T. Ratner	Director	May 21, 2024
Name: **Aaron T. Ratner**		
Title: Chief Executive Officer		
/s/ Nicholas Parker	(Principal Executive Officer) Director	May 21, 2024
Nicholas Parker		
/s/ Tone Bjornov	Director	May 21, 2024
Tone Bjornov		
/s/ Candice Beaumont	Director	May 21, 2024
Candice Beaumont		
/s/ John Thomas	Director	May 21, 2024
John Thomas		

Exhibit 31.1

CERTIFICATIONS

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron T. Ratner, Vincent Browne, certify that:

1. 1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2024 of Alternus Clean Earth Acquisitions Corp. Energy, Inc.;

2. 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. 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. 4. The registrant's other certifying officer officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) 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) b. (Paragraph omitted pursuant Designed such internal control over financial reporting, or caused such internal control over financial reporting to Exchange Act Rules 13a-14(a) be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 15d-15(a));

the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) 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) 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. 5. The registrant's other certifying officer officer(s) and 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) 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) 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: November 14, 2023 May 21, 2024

By: */s/ Aaron T. Ratner* *Vincent Browne*

Name: Aaron T. Ratner Vincent Browne

Title: Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Martha F. Ross, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clean Earth Acquisitions Corp.;

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. The registrant's other certifying officer and I are 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) (Paragraph omitted pursuant to Exchange Act Rules 13a-14(a) and 15d-15(a));

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. The registrant's other certifying officer and 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: November 14, 2023

By: /s/ Martha F. Ross

Martha F. Ross
Chief Financial Officer and Chief Operating Financial Officer

(Principal Executive Officer, Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Alternus Clean Earth Acquisitions Corp. Energy, Inc. (the "Company") on Form 10-Q for the quarterly period quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Aaron T. Ratner, Vincent Browne, Chief Executive Officer and Chief Financial Officer (Interim) of the Company, certify, pursuant to 18 U.S.C. §1350, Section 1350, as added by §906 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that: that, to the best of my knowledge::

1. (1) The Report fully complies with the requirements of Section section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. (2) To my knowledge, the The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report. Company.

Date: November 14, 2023
May 21, 2024

By: /s/ *Aaron T. Ratner*
Anand Kumar
Name: Aaron T. Ratner
Anand Kumar
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADDED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Clean Earth Acquisitions Corp. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2023, as filed with the Securities and Exchange Commission (the “Report”), I, Martha F. Ross, Chief Financial Officer and Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 14, 2023

By: /s/ Martha F. Ross

Martha F. Ross

Chief Financial Officer and Chief Operating Officer

(Interim)

(Principal Executive Officer, Principal Financial and

Accounting Officer)

DISCLAIMER

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