(Translation from the Italian original which remains the definitive version)

2023 Interim Financial Report

Energy S.p.A.
Registered office in Piazza manifattura 1, 38068 ROVERETO (TN)
Share capital €614,929.26, fully paid up
Tax code 2284640220
Trento company registration no. 02284640220
REA no. 213161

Contents

Directors' report

Prepared in accordance with article 2428 of the Italian Civil Code

Introduction

The 2023 interim financial report presents the financial position and financial performance of Energy S.p.A. (the "company") in the first half of 2023. The results contained therein, which show a net profit for the year of €5,470,446, may be deemed positive.

This directors' report analyses the company's operations pursuant to the requirements of article 2428 of the Italian Civil Code. Its purpose is to offer a view of the company's position and financial performance of the year, with a particular focus on costs, revenues and capex.

As this is an interim report, it only describes events and information about the six months, while reference should be made to the 2022 Annual Report, already approved by the shareholders, for matters of a general nature or that have not undergone substantial change.

History of the company

Energy S.p.A. began as an innovative start-up in 2013. After around a year designing innovative technologies for residential systems, it began carrying out technical retrofits, sales and aftersale services for photovoltaic energy storage systems. The company's main technical partners include leading manufacturers and some of the products sold by the company are OEM-branded. Energy has achieved ambitious growth objectives since its inception, further expanding its product range since 2020 and introducing original solutions, including its own-brand products (zero CO2).
In their extraordinary meeting of 17 June 2022, the shareholders approved the company's transformation into a company limited by shares, as well as the share capital increase against payment and in one or more tranches and excluding the right of first refusal pursuant to article 2441.5 of the Italian Civil Code for the listing procedure for trading on Euronext Growth Milan ("EGM"). The share capital increase entailed the issue of new ordinary shares without nominal value. Energy shares began trading on the EGM on 1 August 2022.

Governance structure and company ownership

The company's mission is to create value for all those stakeholders directly involved in company activities - customers, employees and shareholders - and, ultimately, the supply chain, the local community and society as a whole.
Energy pursues this objective by offering goods/services and solutions that meet market needs.

The key events of the period affecting the company's capital structure are described below.

- On 15 May 2023, the company informed the market that the first tranche of the price adjustment shares (PAS) had been converted thanks to the profit achieved for 2022. As a result, the options of the stock option plan were exercised on 7 June 2023, for a total of 116,926 shares, equal to 0.19% of the company's share capital after its subscription.

- On 27 June 2023, the company informed the market that its shareholder base had been radically changed due to the sale of their entire investments by the founding partners Davide Tinazzi and Andrea Taffurelli to the newcos Elmagi S.r.l. and Freman Holding S.r.l., respectively (the two founding partners are the sole owners and directors of these two companies).

As a result, at 30 June 2023, the company's ownership structure is as follows:

Shareholder	Ordinary shares	Price adjustment shares (PAS)	Total shares	% of share capital
Elmagi S.r.l.	10,403,534	1,899,792	12,303,326	20.01%
Freman Holding S.r.l.	10,404,570	1,899,792	12,304,362	20.01%
Sun Hongwu	10,270,638	1,896,000	12,166,638	19.79%
Euroguarco S.p.A.	10,278,222	1,888,416	12,166,638	19.79%
RPS S.p.A.	4,166,500	-	4,166,500	6.79%
Market*	8,384,462	-	8,384,462	13.64%
Total	53,907,926	7,584,000	61,491,926	100.00%

*The free float accounts for 15.55% of the 53,907,926 shares admitted for trading on Euronext Growth Milan.

The company has a traditional governance structure comprised of the following bodies:

- the shareholders' meeting, which represents the interests of the owners. It makes the most important decisions for the company, appoints the board of directors, approves the financial statements and amends the by-laws;
- the board of directors - currently comprised of three members, two of whom are shareholders and one is an independent director - which operates through a CEO;
- the board of statutory auditors, comprised of three members;
- the independent auditors.

The board of directors plays a central role in the company organisation. All departments report to it and it provides strategic and organisational guidance. To the extent of the business object, it holds all powers for the company's ordinary and extraordinary management, apart from those expressly reserved to the shareholders' meeting by the law or by-laws.

The CEO has the greatest managerial responsibility within the company in line with the proxies conferred by the board of directors.

The company has an internal control system comprised of rules, procedures and an organisational structure monitoring:

- the efficiency and effectiveness of company processes;
- the reliability of financial disclosure;
- compliance with the law, regulations, the by-laws and internal procedures;
- the safeguarding of company assets.

KPMG S.p.A., the independent auditors engaged to audit the company's financial statements for the 2022-2024 three-year period, reviewed the interim financial statements at 30 June 2023 not pursuant to any legal requirements.

The following section covers the company's organisational structure.

Analysis of the company's financial position, financial performance and cash flows

General characteristics of the company

Context and results

Energy storage systems are essential in the transition from fossil fuels to renewables and attract significant public and private investments. The market is growing rapidly and offers great potential due to a number of drivers, including (a) energy price hikes which will drive up the demand for energy storage systems; (b) the risk of black outs and the need to stabilise the grid, partly due to the greater penetration of renewables and the peaks in absorption of electric vehicles; (c) the drop in the price of lithium ion batteries and other key technologies over the long term; (d) the complementarity with renewable energy sources, such as wind and solar, which by their nature are intermittent; (e) the increase in electric vehicles and consequent greater demand for specific energy profiles; (f) public incentives for the energy transition and the general regulatory framework.

The company's growth trajectory is based on (a) developing the commercial & industrial market segment; (b) investing in infrastructure, after the steady insourcing of production; (c) expanding its international footprint.

The external environment has had a significant impact on the company's revenues due to the unexpected sudden stop to the transfer of tax credits by the Italian government in February. This measure affected several sectors simultaneously, leading to a lack of liquidity downstream in the supply chain, especially that of the construction sector, which had used the tax credit transfer mechanism as an alternative means of obtaining liquidity to be used to fund working capital. Energy is not directly involved in this mechanism but it did see a sudden contraction in demand downstream of its customers.
More generally, the first half of 2023 saw a slowdown in the solar and renewables sector in many areas of the European continent, caused by excess availability and less demand.

Significant events of the period

The company continued with its medium to long term strategy in the six months. On 23 May, it incorporated the subsidiary Energyincloud S.r.l. (EiC) while, on 27 June, it entered into a preliminary agreement to acquire (via EiC) the main business unit of Cloud Computing S.r.l., a software developer with IoT applications since 2016. The transaction was completed in July, leading to the acquisition of key expertise and technologies for the software, which is the basic element of the energy management system that is a part of the company's products and essential to allow customers to activate fundamental functions and services, especially in the commercial & industrial sector (as well as the agrivoltaic sector). During the first half of 2023, Energy obtained authorisation to build a new battery production facility beside its existing facility in Sant'Angelo di

Piove di Sacco (PD) on a site purchased in September 2022. In June, it also set up the associate Pylon LifeEU S.r.l. as a joint venture with Pylon Technologies Europe B.V.. The associate's objective is to research, develop and produce lithium batteries for stationary storage.

Brief overview of performance

An analysis of the interim financial statements at 30 June 2023 shows:

- Considerably lower than expected turnover of €39,295,218, caused by the drop in demand seen from March (mostly due to the stop to the transfer of tax credits, as explained later in this report), which was partly offset by slow recovery starting in May.
- Profitability in line with that forecast at the end of 2022, with an EBITDA margin of 21.8%: this was achieved thanks to various factors, such as a cost advantage due to the company's early purchasing policy (purchases made in 2022), its ability to maintain a sufficiently lightweight structure and a fairly stable price policy.
- Cost structure again in line with that set out in the 2022 financial statements, with a still limited impact of internal production.
- Ongoing investments in fixed assets and, in particular, completion of the lining of the walls of the internal department which will be used for battery assembly, as well as continuation of the demolition works of the existing building on the adjacent site, purchased in September 2022. The work in progress for the photovoltaic system and the storage system serving production, payments on account for the construction of the new building and the battery assembly line and, to a lesser extent, the investments in the two newcos.
- Significant but acceptable working capital, amounting to €69,737,625, mostly due to the receipt of materials purchased in the second half of 2022 and January 2023; the liquidity was sourced through greater resort to credit facilities and cash generated by operations.

The market and products

Range of products and services

Energy sells two categories of product:

- The "Small&Large ESS" category, launched in 2014, with energy storage systems of less than 50 kW (<50 kW ESS) for residential use and for small and medium-sized industrial and commercial users. The company carries out system integration activities for small (up to 6 kW) and medium (from 6 to 50 kW) energy storage systems.
- The "Extra Large ESS" category launched in the final quarter of 2021 which grew further in 2022, covering energy storage systems of more than 50 kW (50+kW ESS) for industrial and commercial users with energy storage needs exceeding 50 kW. The company carries out system integration activities for large (more than 50 kW) energy storage systems based on its proprietary Energy Management System. The range has software functionalities which also enable multi-stack services to be activated. Energy offers a smart cloud-based ESS management service. This ensures the historical management of data and ongoing maintenance of the algorithms in relation to which the company carries out constant research and development activities and updates to improve the services offered and enable the use of new functionalities.

New products were introduced during the six months and, in particular, the Extra Large category was expanded to include:

- a transformerless containerized system (XL BOX) in two different sizes (1.2 kWh and 2.4 kWh), with an integrated air conditioning and fire suppression system, so that it can be installed outdoors;
- a transformerless modular shelter (XL SHELL) system, also in sizes smaller than the XL BOX, again equipped with an air conditioning and fire suppression system.

These two new products meet the growing, well-informed demand for more complex systems that can store greater quantities of energy compared to residential systems, have faster supply capacity and cutting-edge functionalities.

Foreign sales

In the first half of 2023, 15% of revenues were generated abroad (EU and non-EU) and 85% in Italy. The foreign sales of €6,054,344 were mostly made in north and central Europe. More information is provided on page 8.

The company

The company saw a slowdown in business in the first half of 2023 compared to the previous two years.
It has funded its working capital and investments with both the cash flows generated by operating activities and bank loans. The resort to its credit facilities was minimal and it did not agree new loans with its long-standing banks. Inventory and trade receivables were kept under control by the company's proactive policy of renegotiating trade payable due dates with the relevant suppliers.

Net equity, being the sum of share capital and reserves, is €65,353,534.
Intangible, tangible and financial fixed assets total €7,412,991 and mostly relate to the increase in intangible and tangible fixed assets. Intangible fixed assets include the upgrades made to the building at the company's current site (as it is not directly owned by the company).

Financial position, financial performance and cash flows

The performance indicators offer an immediate view of the company's performance and results. The indicators examined in the relevant section of this report mainly relate to profit and loss account figures.

The "Reclassified figures" present the balance sheet and net financial position as at 30 June 2023 and 31 December 2022 and the profit and loss account and cash flow statement for the six months ended 30 June 2023 and 2022, prepared using management criteria adopted by the board of directors to support the analysis of the company's financial position, financial performance and cash flows.

Reclassified figures

The reclassified figures presented in the following tables are used by the board of directors to analyse the company's financial position, financial performance and cash flows.

Profit and loss account

(Thousands of Euros)	H1 2023	%	H1 2022	%	Change
Turnover from sales and services	39,295	100%	53,295	100%	(14,000)
Internal work capitalised	451	1%	-	0%	451
Other revenues	391	1%	149	0%	243
Costs for materials [1]	27,022	69%	36,143	68%	(9,122)
Costs for services	2,950	7%	1,702	3%	1,248
Personnel expenses	1,245	3%	739	1%	506
Other costs [2]	373	1%	89	0%	284
Gross operating profit (EBITDA)	8,548	22%	14,770	28%	(6,222)
Amortisation and depreciation	543	1%	139	0%	404
Write-downs	0	0%	0	0%	0
Operating profit	8,005	20%	14,632	27%	(6,627)
Net financial charges	(536)	-1%	(79)	0%	(458)
Profit before taxes	7,469	19%	14,553	27%	(7,084)
Income taxes	1,998	5%	3,898	7%	(1,899)
Net profit for the period	5,470	14%	10,656	20%	(5,185)

(1) Cost of materials and change in inventory

(2) Use of third-party assets, other operating costs and other provisions

Net turnover amounts to €39,295,218, a €14,000,036 reduction over the €53,295,254 of the first half of 2022. The order backlog was worth €6,585,654 at 30 June 2023 compared to €19,415,037 at 31 December 2022, when it reflected roughly a year of large orders from customers and supply shortages.

EBITDA was €8,547,974 or 21.8% of revenues, in line with the company's forecasts. The EBITDA margin is 27.7% for the six months compared to 25.4% for 2022. In both cases, the margin reflects the early pricing in-of the cost of raw materials, which effect dissipated in the first half of 2023. An analysis of the average sales prices shows an average increase of 3% since the start of the year, as planned. The limited impact of the higher purchase costs only affected certain materials.

Gross revenues are analysed below by geographical segment, in euros:

	H1 2023	%	H1 2022	%	Change	Change (%)
Italy	33,240,874	85%	49,828,841	93%	- 16,587,967	-33%
EU	5,616,461	14%	2,938,292	6%	2,678,169	91%
Non-EU	437,883	1%	528,121	1%	- 90,238	-17%

Revenues are analysed by product category as follows:

	H1 2023	%	H1 2022	%	Change	Change (%)
Small&Large (<50 kW)	37,142,869	95%	52,508,070	99%	-15,365,201	-29%
Extra Large (>50 kW)	2,152,349	5%	787,184	1%	1,365,165	173%

Revenues are analysed by sales channel as follows:

	H1 2023	%	H1 2022	%	Change	Change (%)
Specialist distributors	10,853,132	28%	15,575,731	29%	- 4,722,599	-30%
VAR (value-added resellers)	13,973,232	36%	17,078,192	32%	- 3,104,960	-18%
General distributors	11,905,364	30%	18,341,209	35%	- 6,435,845	-35%
EPC / Other	2,563,490	7%	2,300,122	4%	263,368	11%

By number of storage systems and power

	1H 2023	1H 2022
Number of systems sold	7,086	10,396
Total power	37.5 MW	58 MW

During the period, the company focused on orders fulfilment in Italy and on the residential market. It continued to build up its foreign business, launched in 2022, generating revenues which were significantly higher than those of the first half of the previous year (€6,054,344 compared to €3,466,413).

Sales of the Extra Large (XL) product continued to grow strongly, confirming the increasingly diversified sales mix. Such sales were bolstered by the company's presentation of its first XL Shell at the leading European sector trade fair, Intersolar, held in Munich in June 2023.

An analysis of sales by customer category shows that the percentage of VARs grew by 36%, compared to the first half of 2022 while the shares of the electrical materials generalist distributors and photovoltaic specialist distributors evened out. Sales to EPC (Engineering, Procurement & Construction) customers remained steady at 2022 levels as, while they represent the company's main target for its XL products, they are not the only outlet market.

Net of financial charges, amortisation and depreciation, and income taxes, the costs incurred by the company in the first half of 2023 for sales came to €31,589,715, compared to €36,673,597 in the corresponding period of 2022.

Balance sheet

(Thousands of Euros)	30/06/2023	31/12/2022	Change	Change (%)
Intangible fixed assets	4,254	4,315	(61)	(1%)
Tangible fixed assets	2,935	1,608	1,326	82%
Financial fixed assets	225	156	69	44%
Total fixed assets	7,413	6,079	1,334	22%
Inventory	78,803	61,337	17,465	28%
Trade receivables	10,411	23,052	(12,640)	(55%)
Trade payables and payments on account	(19,476)	(15,609)	(3,868)	25%
Trade working capital	69,738	68,780	957	1%
Other receivables and prepayments and accrued income	1,637	296	1,341	453%
Other payables and accrued expenses and deferred income	(8,512)	(6,808)	(1,704)	25%
Net working capital	62,862	62,268	594	1%
TFR and other provisions	(295)	(265)	(30)	11%
Invested capital	69,980	68,082	1,898	3%
Net equity	65,354	59,897	5,456	9%
Net financial debt	4,626	8,185	(3,558)	(43%)
Total sources of funding	69,980	68,082	1,898	3%

Total fixed assets came to €6,079,222 at 31 December 2022, while they amount to €7,412,991 at 30 June 2023, of which €4,253,876 for intangible fixed assets and €2,934,613 for tangible fixed assets. Intangible fixed assets include development costs of €262,034, the cost of the upgrades to the rent-to-buy building of €233,201 and the cost of developing the Cloud XL platform of €570,793. Tangible fixed assets include removable systems, handling and lifting machinery and equipment, office furnishings, payments on account for the first battery assembly line, the 100 kW photovoltaic system and the demolition of the building on the adjacent site, as well as payments on account for the construction of the new facility and the production storage system (€1,294,402). The financial fixed assets of €224,501 comprise receivables for guarantee deposits for the lease of the head office and utilities, and the investments in the two companies set up in May 2023 (Pylon LifeEU S.r.l. and Energyincloud S.r.l.).

Trade working capital increased to €69,737,625 during the first half of 2023. It is mainly comprised of inventory of €78,802,662- including €3,196,724 for payments on account to suppliers and goods measured at their fair value of €75,605,938 – trade receivables of €10,411,280 and trade payables of €19,476,317. The increase on the 2022 year-end balance of €68,780,366 is due to the rise in inventory (+€17,465,165), the contraction in trade receivables (-€12,640,343) and the increase in trade payables (+€3,867,562). The rise in inventory is the result of the company's greater purchase volumes made in the second half of 2022, which were not offset by the expected sales volumes in the first six months of 2023.

Net working capital was €62,267,760 at 31 December 2022, while it is €62,862,229 at 30 June 2023 (+€594,470).

Invested capital amounts to €69,979,909, an increase of €1,898,003 on the previous year-end balance of €68,081,906.

Total sources of funding of €69,979,909 comprise net equity (€65,353,534) and net financial debt (€4,626,375). Net financial debt has improved significantly from 31 December 2022 (€8,184,525), due to the cash inflows generated by operations and the collection of trade receivables outstanding in 2022, which more than offset trade payables. Financial debt, which is exclusively to banks with self-liquidating lines and loans, is comprised of short-term bank loans and borrowings of €13,744,954 and medium-/long-term bank loans and borrowings of €8,566,672. The greater debt was mostly necessary to cover working capital as well as capital expenditure.

Net financial debt

(Thousands of Euros)	**30/06/2023**	**31/12/2022**	**Change**	**Change (%)**
Liquid funds	(17,685)	(15,963)	(1,722)	11%
Short-term bank loans and borrowings	13,745	18,649	(4,904)	-26%
Short-term loans and borrowings from other financial backers	-	-	-	-
Short-term financial position	(3,940)	2,686	(6,626)	-247%
Medium/long-term bank loans and borrowings	8,566	5,499	3,067	56%
Medium/long-term loans and borrowings from other financial backers	-	-	-	-
Net financial debt	4,626	8,185	(3,559)	-43%

Cash flow statement

(Thousands of Euros)	H1 2023	H1 2022	Change	Change (%)
Operating profit	8,005	14,632	(6,627)	-45%
Income taxes	(1,998)	(3,898)	1,899	-49%
Amortisation, depreciation and write-downs	543	139	404	292%
Change in trade working capital	(957)	(17,435)	16,478	-95%
Change in other receivables/(other payables), employees' leaving entitlement and other provisions (1)	393	115	278	242%
Cash flows from/(used in) operating activities	5,985	(6,447)	12,432	-193%
Investments in intangible, tangible and financial fixed assets	(1,876)	(808)	(1,069)	132%
Cash flows before financing activities	4,109	(7,255)	11,364	-157%
Change in bank loans and borrowings and loans and borrowings from other financial backers	(1,836)	8,481	(10,317)	-122%
Net financial charges	(536)	(79)	(458)	582%
Change in net equity	(14)	67	(81)	-121%
Net cash flows	1,722	1,215	508	42%

Opening liquid funds	15,963	1,995
Net cash flows	1,722	1,215
Closing liquid funds	17,685	3,209

(1) Other receivables and prepayments and accrued income
Other payables and accrued expenses and deferred income, employees' leaving entitlement and other provisions

Performance indicators

The following table summarises certain performance indicators used to measure company performance for the period:

	H1 2023	H1 2022
ROE - (Return on equity)	8.4%	37.7%
ROIC - (Return on invested capital)	8.2%	34.8%
ROA - (Return on assets)	6.9%	29.6%
ROS - (Return on sales)	20.4%	25.0%

The large differences in the indicators are mostly due to the downturn in volumes during the six months.

ROE (Return on equity)	percentage return on capital pertaining to the shareholders	Net profit (loss) for the period / Own funds
ROIC - (Return on invested capital)	profitability of operations: measures a company's ability to generate profits in transforming inputs into outputs	EBIT / Invested operating capital [1]
ROA - (Return on assets)	a company's ability to obtain profit flows from its operations	EBIT / Total assets
ROS - (Return on sales)	impact of the main factors of production (materials, personnel, amortisation/depreciation and other costs) on turnover	EBIT / Revenues

[1] Total assets - liquidity

Main risks and uncertainties

Pursuant to article 2428 of the Italian Civil Code, this section of the directors' report describes the risks, i.e., those events that could potentially produce negative effects on the pursuit of the company's objectives therefore hindering the creation of value.
Risk identification and management is a strategic factor to protect, maintain and improve a company's value over time.

Market risks

Market risk refers to the specific characteristics of a local or regional market and how they can significantly affect the company's performance in that area. During the period, the company again carried out most of its business in Italy, which although it is the second most important storage market in Europe, it is subject to regulatory uncertainty. The unexpected legally-provided for stop to the transfer of tax credits (thus monetising them), the various extensions and amendments to how the incentives are applied and other technical aspects pertaining to the renewables sector are well-known examples of this.

Credit risk

Credit risk represents a company's exposure to potential risks deriving from counterparty default. Trade receivables are stated net of the provision for bad debts. Their carrying amount is deemed to be equal to their estimated realisable value. There are no particular risks deriving from the concentration of credit. New customers acquired during the period have a good credit rating and the company considers each customer's exposure limits.

Liquidity risk

Liquidity risk is the possibility that the financial resources available to the company are insufficient to meet its financial and trading obligations within the agreed terms and deadlines.
The financial structure established by the board of directors with banks and other financial backers has enabled, and is expected to continue to do so for the foreseeable future, the company to regularly meet its financial obligations. As the company's cash flows, as well as the financial resources that could be provided by the banking system are sufficient to cover ordinary financial requirements, there is no liquidity risk.

In order to stabilise the expected cash flows of an "underlying" represented by the floating cash interest rate on financial payables, the company has taken out derivatives to hedge the interest rates on loans, where appropriate.

Currency risk

Currency risk is the overall impact of fluctuations in currencies other than the Euro on financial performance and cash flows, affecting companies that operate on foreign markets.
The company's main aim is to protect its profit margin on sales and purchases against external factors.
This risk is not material given the limited amount of foreign currency sales and purchases. The company closely monitors currency-related risks in order to promptly implement the appropriate management tools designed to reduce such risk.

OPERATIONAL RISKS

Supplier dependence

The company has long-term technological and production partnerships with selected suppliers with which it has long-standing relationships beneficial to both parties. This strategic choice has given the company a competitive edge on the market in 2021, 2022 and the first half of 2023. These de facto alliances naturally expose Energy to a certain level of risk as operations could be negatively impacted if they were to be terminated for any reason, or if critical issues were to arise in the procurement relationships. Although considered unlikely - and confirming the partnerships' strategic value in 2023 - the company has taken and will continue to take steps to mitigate this risk, both in terms of the supplier portfolio and in the acquisition of expertise and processes that reduce the level of dependency or which would reduce recovery times if necessary.

Key management personnel

The company continued to build up its management team during the six months, setting up teams and implementing processes to reduce its dependence on its initial founders. At 30 June 2023, it has eight c-suite managers, in line with 31 December 2022.

Macroeconomic scenario and Covid-19

Energy's business was temporarily impacted by upstream supply chain disruptions in 2021 and early in 2022. After this situation had been resolved, goods resumed their flow to the company in the second half of 2022 but often arrived simultaneously which created some management difficulties. The main pressures of the economy and the effects of Covid-19 on Energy's operations include but are not limited to changes in external demand for parts needed for its products, price hikes for some commodities, partial disruptions to supply, slow-downs in sea transport, the generic impacts of the pandemic-related restrictions, and the inflationary effects in general. The company responded swiftly to mitigate the impact of these pressures and is rolling out medium-term measures to contain the impact of these external factors on business continuity.
Based on the company's experience of 2021 and 2022, it introduced a stock piling policy towards the end of 2022 to offset the expected rise in prices and new outbreaks of Covid-19 in China. However, there were no lockdowns in China or supply shortages in the first half of 2023. At present, the risk of further global outbreaks of Covid is significantly smaller than in the past.

Geopolitical risks

The geopolitical tensions linked to relations between NATO and other emerging hegemonic blocs (Russia and China) could impact international relations between companies, both in terms of restrictive regulatory actions and of macroeconomic impacts on the company's markets. However, the former-USSR bloc is not a major market for Energy, nor is it strategic for procurement. On the other hand, the issue of relations with China is much more significant, as it is the source of most of the company's supplies. For this reason, the company has implemented a development programme based on a scenario of complex relationships between the EU/US and China, such to mitigate the negative impacts and, as far as possible, to seek to gain advantage from the possible opportunities that could arise from this geopolitical situation.

Cybersecurity risk

The company is exposed to cybersecurity risk due to the growing use of IT systems and the dissemination of digitalisation processes. This risk could entail data loss, business interruption or privacy breaches.
Although the company is not especially exposed to this risk, it nonetheless is continually involved in strengthening its IT systems, regularly performing security procedures, personnel training and the protection of its IT infrastructure with ad hoc measures.

Environmental management

Pursuant to article 2428.2 of the Italian Civil Code, the board of directors has decided to omit environmental disclosures as they are not currently material and, therefore, do not contribute to an understanding of the company's financial position and performance. They will be provided when there are concrete, tangible and significant environmental impacts with potential consequences for the company's financial position and financial performance.

Personnel disclosures

The purpose of these disclosures is to illustrate the relationship between the company and its employees.
At 30 June 2023, the company has 53 employees, an increase of six on 31 December 2022. It hired 11 people during the six months (seven white collars, two trainee white collars and two blue collars).
39% of the workforce is female compared to 36% at the end of 2022.
There are no employees over 40 years old and the average age is 36 for men and 39 for women.
Three employees voluntarily left the company during the period.
With respect to occupational health and safety, no significant injuries took place in the workplace in the first half of 2023.

Research and development

During the six months, the company was involved in 11 projects to develop new products and functionalities, as well as its ongoing fine-tuning of its existing folders and study of the production process for the future production of batteries. These projects included in particular the design and testing of the XL BOX, the design and testing of Shelter XL, the design and testing of the agrivoltaic XL outdoor cabinet, the management system of parallel charging stations and the validation and implementation of APP functionalities of charging stations in parallel with ZeroCO2 hybrid inverters.

Related party transactions

The company classified and recorded in its register the two newcos set up in May and in which it has an investment as related parties. It did not carry out any transactions with them or other related parties already included in its related party register during the six months.
The company does not hold and has never held, directly or indirectly, treasury shares or shares or quotas of parents, including through trustees or nominees. It has not carried out transactions with individuals related to it.

Outlook

While the company saw a contraction in volumes during the six months, this did not affect its forecast profitability or investments. Certain factors, such as little economic growth in the Eurozone, high inflation and interest rates, are expected to continue to be seen in the second half of the year while it is less clear what will happen with energy and commodity costs. However, the company believes that the current situation offers great opportunities (and challenges) from several viewpoints. Its policy to insource expertise, change-up its product mix and grow its international footprint in 2022 has been proven a wise decision. Therefore, the company intends to focus on its foreign markets in the second half of the year and to acquire new customers in the industrial, agrivoltaic and large buildings segments. It also aims to ensure that its internal organisation is well equipped to deal with a renewed customer base that operates in a commercial and financial context different to that of the last three years. Management believes that, due to the current uncertainty, the company will not achieve all its 2023 targets. It is nonetheless confident that the company will accomplish its medium-term objectives albeit in a longer timeframe than that communicated to the market during the IPO.

Branches

In addition to the registered office, the company also has a head office in:

- Via Zona Industriale 8/10, Sant'Angelo di Piove di Sacco (PD) (since 2022).

Rovereto, 27 September 2023

On behalf of the board of directors
The chairman, Alessandro Granuzzo

Balance sheet

Assets	30/06/2023	31/12/2022
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and capital costs	2,558,722	2,872,682
2) development costs	727,482	605,824
3) industrial patents and intellectual property rights	43,740	43,274
4) concessions, licences, trademarks and similar rights	4,579	5,100
6) assets under development and payments on account	803,994	666,938
7) other	115,360	121,269
Total intangible fixed assts	*4,253,877*	*4,315,087*
II - Tangible fixed assets		
1) land and buildings	1,196,597	1,196,597
2) plant and machinery	72,774	37,506
3) industrial and commercial equipment	184,880	183,458
4) other assets	79,560	76,711
5) assets under construction and payments on account	1,400,802	113,900
Total tangible fixed assets	*2,934,613*	*1,608,172*
III - Financial fixed assets		
1) equity investments		
a) subsidiaries	7,300	
b) associates	3,000	
Total equity investments	*10,300*	
2) financial receivables		
d-bis) from others	214,201	155,965
due within one year		
due after one year	214,201	155,965
Total financial receivables	*214,201*	*155,965*
Total financial fixed assets	*224,501*	*155,965*
Total fixed assets (B)	*7,412,991*	*6,079,224*
C) Current assets		
I - Inventory		
4) finished goods	75,605,938	55,625,949
5) payments on account	3,196,724	5,711,549
Total inventory	*78,802,662*	*61,337,498*

Assets	**30/06/2023**	**31/12/2022**
II - Receivables		
1) trade receivables	10,411,280	23,051,623
due within one year	10,411,280	23,051,623
due after one year		
5-bis) tax receivables	1,191,202	89,843
due within one year	1,191,202	84,853
due after one year		4,990
5-ter) deferred tax assets	50,727	48,321
5-quater) from others	147,274	6
due within one year	147,274	6
due after one year		
Total receivables	*11,800,483*	*23,189,793*
III - Current financial assets		
5) derivatives	141,104	161,450
Total current financial assets	*141,104*	*161,450*
IV - Liquid funds		
1) bank and postal accounts	17,684,633	15,962,755
3) cash-in-hand and cash equivalents	618	198
Total liquid funds	*17,685,251*	*15,962,953*
Total current assets (C)	*108,429,500*	*100,651,694*
D) Prepayments and accrued income	**106,387**	**32,218**
Total assets	*115,948,878*	*106,763,136*

Liabilities	30/06/2023	31/12/2022
A) Net equity	**65,353,536**	**59,897,383**
I - Share capital	614,919	613,750
II - Share premium reserve	27,186,250	27,186,250
IV - Legal reserve	122,750	4,874
VI - Other reserves, indicated separately		
Extraordinary reserve	5,210	5,210
Sundry other reserves	3	2
Total other reserves	*5,213*	*5,212*
VII - Hedging reserve	107,239	122,702
VIII - Retained earnings	31,846,719	9,356,945
IX - Net profit for the period/year	5,470,446	22,607,650
Total net equity	65,353,536	59,897,383
B) Provisions for risks and charges		
2) tax provision, including deferred tax liabilities	33,865	38,748
4) other provisions	95,487	95,487
Total provisions for risks and charges	*129,352*	*134,235*
C) Employees' leaving entitlement	**165,958**	**130,840**
D) Payables		
4) bank loans and borrowings	22,311,626	24,147,478
due within one year	13,744,954	18,648,659
due after one year	8,566,672	5,498,819
6) payments on account	33,316	228,288
due within one year	33,316	228,288
due after one year		
7) trade payables	19,443,001	15,380,467
due within one year	19,443,001	15,380,467
due after one year		
12) tax payables	7,461,233	6,021,688
due within one year	7,461,233	6,021,688
due after one year		
13) social security charges payable	136,457	150,898
due within one year	136,457	150,898
due after one year		
14) other payables	305,633	530,911
due within one year	305,633	530,911
due after one year		
Total payables	*49,691,266*	*46,459,730*
E) Accrued expenses and deferred income	**608,766**	**140,948**
Total liabilities	*115,948,878*	*106,763,136*

Profit and loss account

	H1 2023	H1 2022
A) Production revenues		
1) turnover from sales and services	39,295,218	53,295,254
4) internal work capitalised	451,131	
5) other revenues and income		
grants related to income	105,623	25,756
other revenues and income	285,716	123,054
Total other revenues and income	*391,339*	*148,810*
Total production revenues	*40,137,688*	*53,444,064*
B) Production cost		
6) raw materials, consumables, supplies and goods	47,001,614	38,963,316
7) services	2,949,828	1,702,043
8) use of third party assets	69,218	57,383
9) personnel expenses		
a) wages and salaries	893,599	531,807
b) social security contributions	270,857	162,498
c) employees' leaving entitlement	60,351	42,066
e) other costs	20,579	2,556
Total personnel expenses	*1,245,386*	*738,927*
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	503,811	128,476
b) depreciation of tangible fixed assets	38,904	10,145
Total amortisation, depreciation and write-downs	*542,715*	*138,621*
11) change in raw materials, consumables, supplies and goods	(19,979,990)	(2,819,942)
14) other operating costs	303,658	31,870
Total production cost	*32,132,429*	*38,812,218*
Operating profit (A-B)	**8,005,259**	**14,631,846**
C) Financial income and charges		
16) other financial income		
d) other income		
from others	2,870	19
Total other income	*2,870*	*19*
Total other financial income	*2,870*	*19*
17) interest and other financial charges		
other revenues and income	581,183	103,140
Total interest and other financial charges	*581,183*	*103,140*
17-bis) Net exchange rate gains	41,880	24,465
Net financial charges (15+16-17+-17-bis)	*(536,433)*	*(78,656)*

	H1 2023	H1 2022
Profit before taxes (A-B+-C+-D)	**7,468,826**	**14,553,190**
20) Income taxes		
current taxes	2,000,786	3,898,102
changes in deferred taxes	(2,406)	(558)
Total income taxes	*1,998,380*	*3,897,544*
21) Net profit for the period	**5,470,446**	**10,655,646**

Cash flow statement

	H1 2023	H1 2022
A) Cash flows from operating activities		
Net profit for the period	**5,470,446**	**10,655,646**
Income taxes	1,998,380	3,897,544
Net interest expense	536,433	78,656
Dividends	-	-
Net (gain) loss on the sale of assets	-	-
1. Profit for the period before income taxes, interest, dividends and gains/losses on sales	**8,005,259**	**14,631,846**
Non-monetary adjustments that did not affect net working capital		
Accruals to provisions	60,351	-
Amortisation and depreciation	542,715	138,621
Write-downs	-	-
Other adjustments for non-monetary items	8,816	42,066
Total non-monetary adjustments that did not affect net working capital	**611,882**	**180,687**
2. Cash flows before changes in net working capital	**8,617,141**	**14,812,533**
Changes in net working capital		
Net increase in inventory	-17,473,980	-2,819,942
Decrease/(increase) in trade receivables	12,640,343	-15,266,026
Net increase in trade payables	4,062,534	650,641
Decrease/(increase) in prepayments and accrued income	-74,169	36,402
Net increase in accrued expenses and deferred income	467,818	24,100
Other changes in net working capital	-1,685,724	-4,162,951
Total changes in net working capital	**-2,063,178**	**-21,537,776**
3. Cash flows after changes in net working capital	**6,553,963**	**-6,725,243**
Other adjustments		
Net interest paid	-536,433	-78,656
Income taxes paid	-558,835	363,624
Dividends collected	-	-
Use of provisions	-25,233	2,769
Total other adjustments	**-1,120,501**	**287,737**
4. Cash flows after other adjustments	**5,433,462**	**-6,437,506**
Cash flows from/(used in) operating activities (A)	**5,433,462**	**-6,437,506**

	H1 2023	H1 2022
B. Cash flows from investing activities		
Tangible fixed assets	**-1,365,345**	**-219,466**
Investments	1,365,345	219,466
Disposals	-	-
Intangible fixed assets	**-442,601**	**-418,779**
Investments	-442,601	-418,779
Disposals	-	-
Financial fixed assets	**-68,537**	**-169,384**
Investments	-71,577	-169,384
Disposals	3,040	-
Current financial assets	-	**-88,297**
Investments	-	-88,297
Disposals	-	-
Cash flows used in investing activities (B)	**-1,876,483**	**-895,926**
C) Cash flows from financing activities		
Third party funds		
Increase (decrease) in short-term bank borrowings	-9,145,998	8,661,780
New loans	8,800,000	-
Repayments of loans	-1,489,854	-180,673
Own funds		
Proceeds from issue of share capital against payment	1,169	-
Repayment of share capital	-	67,102
Dividends and interim dividends paid	-	-
Cash flows from/(used in) financing activities (C)	**-1,834,683**	**8,548,209**
Increase in liquid funds (A ± B ± C)	**1,722,296**	**1,214,777**
Opening liquid funds	**15,962,953**	**1,994,615**
Closing liquid funds	**17,685,251**	**3,209,392**

Notes to the interim financial statements

Introduction

Structure of the interim financial statements

The interim financial statements, presented to you for approval, show a net profit of €5,470,446.
The interim financial statements at 30 June 2023, of which these notes form an integral part, are consistent with the duly-kept accounting records and have been prepared in accordance with the relevant legal requirements, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter ("OIC").
They have been prepared pursuant to OIC 30 which governs interim financial reporting.

Energy S.p.A. (the "company") is listed on the EGM segment of Euronext, the Italian stock exchange managed by Borsa Italiana. During the first half of 2023, it continued its three-pronged investment strategy:

- incorporation of new companies, namely Pylon LifeEU S.r.l. and Energyincloud S.r.l., in order to insource and consolidate key skills for the development of battery production and cloud computing;
- investment in new products, especially the Extra Large range designed for the industrial, commercial and agrivoltaic segment to provide services in excess of just self-consumption;
- investment in gigafactories, i.e., spaces that will house the assembly of batteries, both within the currently occupied building and the adjacent site, where the company will build a new assembly facility.

The interim financial statements comply with the provisions of article 2423 and following articles of the Italian Civil Code and the OIC published by the Italian Accounting Standard Setter. They are clearly stated and give a true and fair view of the company's financial position at 30 June 2023 and its financial performance for the six months then ended.
The captions of the balance sheet and the profit and loss account comply with the requirements of articles 2424 and 2425 of the Italian Civil Code while the cash flow statement has been prepared in accordance with article 2425-ter of the Italian Civil Code.
These notes, drawn up as per article 2427 of the Italian Civil Code, include all the disclosures useful to correctly understand the interim financial statements.

Basis of presentation

Presentation of the interim financial statements

The information provided in these notes is presented in the same order as the related captions in the balance sheet and the profit and loss account.
With respect to that set out in the introduction hereto, in accordance with article 2423.3 of the Italian Civil Code, when the information required by specific legal provisions is not sufficient to provide a true and fair view of the company's financial position and financial performance, the company has provided additional information to remedy the situation.
Both the interim financial statements and these notes are presented in Euros.

Basis of preparation

Pursuant to article 2423.2 of the Italian Civil Code, these interim financial statements are clearly stated and provide a true and fair view of the company's financial position, financial performance and cash flows.
The following general principles were observed in the preparation of these interim financial statements:

- the captions were measured in accordance with the principle of prudence. The company measured the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items. Accordingly, it recognised profits only if realised before the reporting date, whereas it considered risks and losses on an accruals basis, even when they became known after the reporting date. Moreover, no items that could be recognised under more than one caption are included in the individual captions;
- captions were recognised and presented in accordance with the substance over form principle. The company checked the correctness of the recognition or derecognition of assets, liabilities, revenues and costs based on a comparison of the reporting standards and the contractual rights and obligations of the transactions;
- the company recognised income and expense pertaining to the period regardless of when they are collected or paid. They were, therefore, recognised in the profit and loss account on an accruals basis in order to be included in the net profit or loss for the period. Costs and revenues for the year are recognised on a matching basis;
- the company complied with the principles of measurement consistency, i.e., the accounting policies were not modified from the previous period to ensure the comparability of the financial statements from one period to the next, except in cases where necessary for the purposes of providing a true and fair view;
- the materiality of the captions was assessed considering the interim financial statements as a whole and both qualitative and quantitative factors;
- the interim financial statements were prepared in order to be comparable over time. Accordingly, for each balance sheet and profit and loss account caption, the corresponding prior period/year figures were presented, except in exceptional cases where one or more captions were not comparable or could not be reclassified. Where necessary, the latter were reclassified for comparative purposes and the related effects are disclosed in the notes, if material.

Structure and content

The structure of the balance sheet and profit and loss account is as follows:

- the balance sheet and profit and loss account comply with the provisions of articles 2423-ter, 2424 and 2425 of the Italian Civil Code;
- captions are recognised in accordance with the provisions of articles 2424-bis and 2425-bis of the Italian Civil Code.

The cash flow statement is prepared in compliance with article 2425-ter of the Italian Civil Code and pursuant to the provisions of OIC 10 "Cash flow statement".

These notes are prepared in compliance with articles 2427 and 2427-bis and other provisions of the Italian Civil Code, as well as pursuant to other specific legislation. They include all additional disclosures deemed necessary to provide a true and fair view of the company's financial position and financial performance, even when not required by specific legal provisions.
Pursuant to the provisions of article 2423-ter.6 of the Italian Civil Code, it is hereby noted that no legally-permitted offsetting of items has taken place.

Exceptional events pursuant to article 2423.5 of the Italian Civil Code

There were no exceptional events which would have led the company to apply the departures permitted by article 2423.4/5 of the Italian Civil Code.

Changes in accounting policies

There were no exceptional events which would have led the company to resort to the departures to change the accounting policies as per article 2423-bis.2 of the Italian Civil Code.

Comparability and reclassification

Pursuant to article 2423-ter of the Italian Civil Code, it is hereby noted that all financial statements captions are comparable with those of the previous year and it was therefore not necessary to reclassify any prior year captions.

Accounting policies

The criteria applied to measure and adjust the financial statements captions comply with the provisions of the Italian Civil Code and the reporting standards issued by the OIC. They are unchanged from those of the previous year.
Pursuant to article 2427.1.1 of the Italian Civil Code, the most important accounting policies adopted pursuant to the provisions of article 2426 of the Italian Civil Code are described below, particularly as relates to those financial statements captions for which the legislator envisages various measurement and adjustment criteria or for which there are no specific criteria.
Foreign currency amounts are translated into Euro at the spot exchange rate ruling on the date of their recognition, or the closing rate in line with the provisions of OIC 26.

Intangible fixed assets

As they satisfy the requirements of the reporting standards, intangible fixed assets are recognised in the balance sheet assets at acquisition or development cost and are amortised on a straight-line basis in line with their income-generating potential.
They are shown net of accumulated amortisation and write-downs.
The acquisition cost includes the related transaction costs. The development cost includes all directly attributable costs and the reasonably attributable portion of other costs incurred from development up to when the asset is available for use.
Intangible fixed assets, comprising patents, intellectual property rights, licences and software, are recognised as assets only if they can be identified individually, the related future economic benefits will flow to the company, which can limit third-party access to such benefits, and their cost can be estimated with sufficient reliability.
Intangible fixed assets are amortised systematically and the amortisation expensed each year reflects the allocation of the cost incurred over their entire useful life. Amortisation begins when the asset is available for use. The amortisation pattern depends on how the benefits are expected to flow to the company.
Amortisation is recognised based on the following schedule which is deemed to correctly allocate the cost incurred in line with the relevant asset’s income-generating potential:

	Period
Start-up and capital costs	5 years
Development costs	5 years
Industrial patents and intellectual property rights	3 years
Concessions, licences, trademarks and similar rights	from 5 to 10 years
Leasehold costs	Contract term

The assets or costs are amortised on a straight-line basis in line with their residual income-generating potential.
Amortisation has been charged for six months for the purposes of these interim financial statements.

Pursuant to article 10 of Law no. 72 of 19 March 1983 and as reiterated in subsequent monetary revaluation laws, it is hereby noted that the recognised intangible fixed assets have never undergone monetary revaluation.
These assets have not been written down pursuant to article 2426.1.3 of the Italian Civil Code as there are no indications of impairment losses under OIC 9.

Start-up and capital costs

Start-up and capital costs are recognised with the consent of the board of statutory auditors, as they are deferred in nature. They are amortised over not more than five years.

Development costs

Development costs are recognised with the consent of the board of statutory auditors as, based on a prudent judgement, they satisfy the characteristics required by OIC 24: they are recoverable and relate to specific development projects that are feasible and for which the company has the required resources. Moreover, they relate to a clearly defined, identifiable and measurable product or process. As their income-generating potential can be reliably estimated, development costs are amortised over the related period.

Other

Other assets are recognised at purchase cost including the related costs. They are amortised to the extent legally or contractually permitted.

Assets under development and payments on account

Assets under development recognised under caption B.I.6 are initially recognised when the initial costs to develop the asset are incurred and they include the related internal and external costs. These costs remain in this caption until the project is complete and they are not subject to amortisation until such time.

Tangible fixed assets

Tangible fixed assets are recognised upon transfer of the risks and benefits related to the purchased asset. They are measured at purchase cost, including any directly-related charges incurred up to when the asset is available for use and to the extent of their recoverable amount. Tangible fixed assets are recognised net of accumulated depreciation and write-downs.
The carrying amount of these assets, which are grouped by category and year of purchase, is allocated over the years in which they are expected to be used. This takes place through the systematic recognition in the profit and loss account of the related depreciation based on depreciation schedules established when the asset is available and ready for use and reflecting their estimated residual useful life. The schedules are checked annually and are based on the asset’s gross carrying amount and assuming a zero recoverable amount at the end of the process.

Depreciation of tangible fixed assets, which have a finite useful life, is charged based on the following schedule:

	Rate (%)
Land	0%
Plant and machinery	15%
Industrial and commercial equipment	15%
Transport vehicles	20%
Ordinary office furniture and equipment	12%
Electronic office equipment	20%

Depreciation has been charged for six months for the purposes of these interim financial statements.
Such rates are halved in the first year in which the asset is purchased, resulting in depreciation that does not differ significantly from that calculated from the time the asset is available for use.
The depreciation rates are unchanged from those of the previous year.
Pursuant to article 10 of Law no. 72 of 19 March 1983 and as reiterated in subsequent monetary revaluation laws, it is hereby noted that the recognised tangible fixed assets have never undergone monetary revaluation.
They have not been written down pursuant to article 2426.1.3 of the Italian Civil Code as there are no indications of impairment losses under OIC 9.

Land and buildings

With particular reference to the buildings, they are not depreciated as they do not incur significant impairment losses due to use.
The company has recognised the land underlying its buildings separately.
Land is not depreciated as it has an infinite useful life.

Assets under construction and payments on account

Payments on account to suppliers for tangible fixed assets in caption B.II.5 are initially recognised only when the related payments are due. Accordingly, they are not depreciated.
This caption also includes assets under construction, which are recognised when the initial costs to construct the asset are incurred and they include the related internal and external costs. These costs remain in this caption until the project is complete and they are not subject to depreciation until such time.

Financial fixed assets

Equity investments

All the equity investments are measured at cost, where cost is the acquisition cost regardless of the payment method and inclusive of any transaction costs (bank charges and commissions, stamp duty, bank fees, etc.).

Financial receivables

Financial receivables are recognised at amortised cost, as defined by article 2426.2 of the Italian Civil Code, considering the time value of money and their estimated realisable value, pursuant to the provisions of article 2426.1.8 of the Italian Civil Code.
When the application of the amortised cost method and/or discounting of the financial receivables is irrelevant, they are recognised at estimated realisable value in order to give a true and fair view of the company's financial position and financial performance. This occurred, for instance, in the case of financial receivables due within one year or, as relates to the amortised cost criterion, when the transaction costs, commissions and any other difference between the original and settlement amounts at the due date are insignificant or, in case of discounting, when the interest rate based on contractual terms does not differ significantly from the market interest rate.

Inventory

Assets classified as inventory are initially recognised upon transfer of the risks and benefits related to the purchased asset. Inventory is initially measured at purchase or production cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.
Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost of materials includes their price, transport costs, customs and other duties and other directly attributable costs. Returns, discounts, allowances and premiums are offset against costs.
The company has adopted the weighted average cost model.

Current receivables

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent, or assets/services having an equivalent value, from customers or other third parties at identified or identifiable due dates. Receivables arising from the sale of goods and supply of services are recognised in accordance with the requirements set out in the note to revenues. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.
In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognised to adjust their carrying amount to their estimated realisable value.
Cash discounts and allowances that were not included in the calculation of the estimated realisable value, as they could not be determined when the receivable was originally recognised, are recognised upon receipt as financial charges.
In the case of insured receivables, write-downs are only limited to the portion not covered by the insurance policy, if compensation is reasonably certain. The company considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date. The write-downs recognised in the provision for bad debts for receivables covered by guarantees consider the effects of enforcing the guarantees. In the case of insured receivables, write-downs are only limited to the portion not covered by the insurance policy, if compensation is reasonably certain.

Current financial assets

Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);
- it requires no initial net investment or an initial net investment that is smaller than that required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it will be settled at a future date.

The company recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value.
At each reporting date, the company measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Hedge accounting

A derivative qualifies for hedge accounting if all of the following criteria are met:
- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity’s risk management objective and hedging strategy;
- the hedging relationship meets the qualitative and quantitative hedge effectiveness requirements.

Therefore, if the company uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognises them based on the general treatment described earlier.
The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the company assesses whether the hedging relationship is still effective.
If all the requirements mentioned above are met, hedging relationships may be accounted for using the following models.
When hedging relationships only relate to derivatives with characteristics very similar to those of the hedged item and the derivative has been entered into at market conditions (for example, forwards or swaps with a fair value approximating nil) at initial recognition, the company applies the treatment applicable to simple hedges described below, if:
- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and hedging strategy;
- the main elements of the hedging instrument and hedged item (nominal amount, settlement date of cash flows, due date and underlying variable) match or nearly match and the counterparty's credit risk does not significantly affect the fair value of the hedging instruments and hedged item.
At each reporting date, the company checks that the effectiveness requirements described above are still met, including the credit risk of the counterparty to the hedging instrument and hedged item, which may trigger the discontinuation of the hedging relationship if it becomes significant.
The fair value gains or losses on both the hedging instrument and hedged item are fully recognised in the specific profit and loss account captions and the company is not required to calculate the difference to be taken to the profit and loss account captions relating to the hedged item.
The fair value gains or losses on the hedging instrument are fully recognised in the specific net equity reserve and the company is not required to calculate the ineffective portion of the hedge to be taken to the profit and loss account. The same accounting treatments described above are applied to reclassify the amount accumulated in net equity.
The disclosures required by article 2427-bis.1 of the Italian Civil Code on the fair value of derivatives and those required by OIC 32 are provided in a specific section of these notes.

Liquid funds

Liquid funds are measured using the following criteria:

- cash, at nominal value;
- bank and postal account deposits and cheques, at their estimated realisable value, which coincides with their nominal value.

Prepayments and accrued income, accrued expenses and deferred income

Accrued income and expenses are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.
Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.
Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.
At each reporting date, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

Net equity

Transactions between the company and its owners (acting as owners) may result in receivables/payables from/to them. The company recognises a receivable when its owners take on an obligation and a payable when it takes on an obligation to them.
Capital injections with no repayment obligation are recognised under the relevant net equity caption, while shareholder loans with a repayment obligation are recognised under payables.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.
Provisions are recognised on an accruals basis for amounts that are expected to be paid or goods and services that will be supplied at the time the obligation is satisfied.
Accruals to provisions for risks and charges are primarily recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at the reporting date.
Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.
The provisions for risks and charges recognised in previous periods are reviewed to check their appropriate measurement at the reporting date.
The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296/2006. It is a remuneration cost whose nature is certain and is recognised on an accruals basis each year. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid. It is net of any portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).
The related liability is the amount that the company would have paid had all employees left at the reporting date. The amount due to employees who had already left the company at the reporting date but that will be paid in the following year is reclassified to payables.

Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties. They are classified to the various liability captions depending on their nature (or origin) in line with the company's ordinary activities and regardless of their due date.

Payables arising from the purchase of goods and supply of services are recognised in accordance with the requirements set out in the section on costs. Loans and borrowings and payables unrelated to the procurement of goods and services are recognised when the company has a legal or contractual obligation vis-a-vis the counterparty. Payables for advances from customers are recognised when the right to collect the advance arises. Payables are recognised at amortised cost, considering the time value of money.
The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and settlement amounts at the due date are insignificant.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.
Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing rates. Any resulting gains or losses are taken to the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognised separately. Any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the period and, when the financial statements and consequent allocation or coverage of the net profit or loss for the period are approved, it is recognised in an undistributable reserve. Should the net profit for the period be smaller than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the period.

Prepayments and accrued income

Revenues from the sale of products and goods or the provision of services attributable to the company’s core business are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts.
Revenues from the sale of goods are recognised when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out.
Production cost is stated net of returns, allowances, discounts and premiums. Costs incurred for the procurement of goods are recognised when the production process for the goods has been completed, upon the substantial transfer of title, with the transfer of risks and benefits being the key parameter. Costs for services are recognised once the services have been delivered, i.e., when they have been carried out.
Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.
Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognised on an accruals basis.
Grants related to income accruing either by law or contractual provisions are recognised on an accruals basis when the company is certain that it is entitled thereto.

Turnover from sales and services

Revenues are stated on an accruals basis net of returns, allowances, discounts and premiums, as well as directly-related taxes. Revenues from the sale of goods are recognised upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter for the substantial transfer.
Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out. In the case of ongoing services, revenues are recognised on an accruals basis.

Internal work capitalised

Internal work capitalised is recognised at production cost including the direct costs (materials and direct labour, design costs, external supplies, etc.) and the reasonably attributable portion of production overheads incurred from development up to when the asset is available for use. It also includes any borrowing costs related to production calculated using the same criteria.

Other revenues and income

Grants related to income are recognised on an accruals basis when the company is certain that it is entitled thereto in caption A5, as they are supplementary to revenues from core business and/or decrease costs and charges related to core business.

Income taxes

Current income taxes are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation, applying the enacted tax rates at the reporting date. The related tax payable is stated in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have not been claimed for reimbursement. A tax receivable is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.
Deferred tax assets and liabilities are calculated on the accumulated amount of all temporary differences between the carrying amounts of assets and liabilities and their tax base that will reverse in subsequent years.
Deferred tax assets and liabilities are recognised when the temporary differences arise and are calculated at the tax rates that will be applicable in the year in which the temporary differences reverse, if they have already been established at the reporting date, otherwise at the enacted tax rates at the reporting date.
Income taxes are recognised based on taxable income calculated pursuant to the effective rates; they reflect both the current and deferred tax charges.
The current tax charge is calculated by applying:
- for profit taxable for IRES purposes, the ordinary rate of 24%;
- for profit taxable for IRAP purposes, the rate of 3.90% to the portion of profit related to the Veneto Region and 1.50% to that related to the Trento Autonomous Province.

Deferred tax assets and liabilities deriving from temporary differences between the carrying amount and tax base of assets and liabilities are calculated using the method set out in OIC 25, applying the rate of 24% for IRES and 3.29% for IRAP.

Use of estimates

The preparation of financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, is recognised in the profit and loss account when the estimates are changed, if they affect just one period, and also in the following periods, if they affect both the current and subsequent periods.

Repurchase agreements

Pursuant to article 2427.6-ter of the Italian Civil Code, the company states that it has not entered into any repurchase agreements during the year.

Notes to the assets

Changes in the individual financial statements captions are analysed below pursuant to current legislation.

FIXED ASSETS

Intangible fixed assets

Changes of the period in intangible fixed assets are shown below:

Balance at 30/06/2023	4,253,877
Balance at 31/12/2022	4,315,087
Change	**(61,210)**

Changes in intangible fixed assets

After the recognition of the amortisation of the period of €503,811 in the profit and loss account, intangible fixed assets amount to €4,253,877.
The changes of the period are shown in the following table:

	Historical cost	Acc. amortisation	Opening balance	Acquisitions	Amortisation	Closing balance
Start-up and capital costs	3,139,597	266,915	2,872,682		313,960	2,558,722
Development costs	1,709,745	1,103,921	605,824	262,034	140,376	727,482
Industrial patents and intellectual property rights	146,704	103,430	43,274	17,200	16,734	43,740
Concessions, licences, trademarks and similar rights	9,116	4,016	5,100		521	4,579
Assets under development and payments on account	666,938		666,938	137,056		803,994
Other	155,941	34,672	121,269	26,310	32,219	115,360
Total	*5,828,041*	*409,033*	*4,315,087*	*442,600*	*503,811*	*4,253,877*

Start-up and capital costs include the listing costs, i.e., those incurred by the company in 2022 for consulting services received and the costs incurred to list its shares on the Euronext Growth Milan market. The company was listed on 28 July 2022 and trading of its shares commenced on 1 August 2022.
Development costs with a carrying amount of €727,482 relate to previous development projects and new projects for the residential segment and XL systems for the commercial and industrial segment.
Development costs were capitalised as they comply with the following provisions of OIC 24:

- they relate to a clearly defined product or process and are identifiable and measurable, i.e., they are directly related to the product, process or project for which they were incurred;
- they relate to a technically feasible project for which the company has the required resources;
- they are recoverable, i.e., the company expects that the revenues from the project will be adequate to cover the costs incurred;

As they satisfy the requirements of OIC 24, the company recognised development costs of €262,034 during the period.
Industrial patents and intellectual property rights include the costs incurred for industrial patents, software licences and for the purchase and development of proprietary software.
Concessions, licences, trademarks and similar rights comprise the costs incurred to acquire trademarks against payment, the cost of which is amortised over ten years, i.e., the expected period required to produce and sell the products protected by such trademarks.
Assets under development include:

- the costs of upgrading the head office in Sant'Angelo di Piove di Sacco (Padua), held under a rent-to-buy contract (€233,201);
- the costs incurred to develop the Cloud XL platform by an in-house team (€570,793).

These investments should be completed by the second half of 2024.
"Other" includes the costs incurred to upgrade the spaces and offices in the new head office in Sant'Angelo di Piove di Sacco (Padua) located in a leased building.

Tangible fixed assets

Changes in tangible fixed assets

Changes of the period in tangible fixed assets are shown below:

Balance at 30/06/2023	2,934,613
Balance at 31/12/2022	1,608,172
Change	**1,326,441**

Tangible fixed assets, including accumulated depreciation, amount to €3,043,647. Accumulated depreciation amounts to €109,034.
The changes of the period are shown in the following table:

	Historical cost	Acc. depreciation	Opening balance	Acquisitions	Reclassifications	Depreciation	Closing balance
Land	1,196,597	-	1,196,597	-	-	-	1,196,597
Plant and machinery	47,229	9,724	37,505	32,305	7,500	4,536	72,774
Industrial and commercial equipment	201,152	17,694	183,458	25,589	-	24,167	184,880
Other assets	119,564	42,853	76,711	13,050	-	10,201	79,560
Assets under construction and payments on account	113,900	-	113,900	1,294,402	7,500	-	1,400,802
Total	*1,678,442*	*70,271*	*1,608,171*	*1,372,846*	-	*38,904*	*2,934,613*

Land and buildings include the cost of purchasing the commercial and production building complex in the second half of 2022, which was demolished in order to construct a new building.
Plant and machinery mainly comprise the cost of €39,805 incurred to purchase a new production system during the period.
Industrial and commercial equipment include the cost of purchasing production equipment. During the period, the company invested in storage systems (€25,589).
Other assets comprise the costs incurred for the purchase of office equipment, lifting transport vehicles and furniture and fittings.
Assets under construction and payments on account increased by almost €1.3 million during the period. The caption includes the investment projects started by the company which will be continued over the next few months. The main project in terms of the amount involved is for the construction of the new industrial facility to be used to produce large storage systems. The caption thus includes both the amounts paid to demolish the building in the Sant'Angelo di Piove di Sacco municipality (€287,000) and build the new one (€443,826). It also comprises the payments on account to suppliers for new plant and machinery to be installed at the current production facility and the new building. They include amounts paid on account for:

- the photovoltaic system (€100,000);
- the 1.2 MWh energy storage system (€351,384);
- production plant (€218,592).

These investments should be completed by the end of 2024.

Finance leases

The company has no finance leases at the reporting date.

Financial fixed assets

Changes of the period in financial fixed assets are shown below:

Balance at 30/06/2023	224,501
Balance at 31/12/2022	155,965
Change	**68,536**

	Historical cost	Acc. amortisation	Opening balance	Acquisitions	Disposals	Amortisation	Closing balance
Subsidiaries	-	-	-	10,000	2,700	-	7,300
Associates	-	-	-	3,000	-	-	3,000
From others	155,965	-	155,965	58,576	340	-	214,201
Total	*155,965*	-	*155,965*	*71,576*	*3,040*	-	*224,501*

Equity investments

The company acquired two equity investments (one majority investment and one minority interest) in two newcos during the six months.
Specifically, on 17 May 2023, it set up Pylon LifeEU S.r.l. (tax code 5546060285) as a joint venture with Pylon Technologies Europe Holding B.V. (which has a 70% stake therein). The joint venture is included in the register of innovative start-ups and will continue the development of energy storage technologies which are intrinsic to Energy's products.

In addition, on 23 May 2023, the company set up the innovative start-up Energyincloud S.r.l. (tax code 02714770225), with the business object to develop, produce and sell innovative cutting-edge technology IT systems and application software. At the reporting date, Energy has a 73% interest in the start-up. In July, it completed the acquisition of the business unit from Cloud Computing S.r.l., thus enabling Energyincloud to become a tech company at the service of Energy and third parties. Energyincloud will supply advanced services for the remote management and operation of energy production, storage and consumption systems using state-of-the-art ICT technologies, IoT (Internet of Things), AI (Artificial Intelligence), blockchain and other new technologies as they develop. It will also provide the related technical assistance.

Financial receivables

Financial receivables are comprised of guarantee deposits for utilities (€1,684) and for leases underway (€45,941). They also include payments on account for the purchase of the Sant'Angelo di Piove di Sacco building currently held under a rent-to-buy contract (€166,577).
There are no financial receivables due after more than five years.

Investments in subsidiaries

The table below shows the company's investments in subsidiaries as well as the additional disclosures required by article 2427 of the Italian Civil Code:

	Registered office	Quota capital	Net equity	Net profit (loss) for the period	Investment %	Carrying amount
Energyincloud S.r.l.	Rovereto (TN)	10,000	-	-	73.000	7,300

Investments in associates

The table below shows the company's investments in associates as well as the additional disclosures required by article 2427 of the Italian Civil Code:

	Registered office	Quota capital	Net equity	Net profit (loss) for the period	Investment %	Carrying amount
Pylon LifeEU S.r.l.	S. Angelo di Piove di Sacco (PD)	10,000	-	-	30.000	3,000

Financial fixed assets with a carrying amount greater than their fair value

The carrying amount of the financial fixed assets does not exceed their fair value.

CURRENT ASSETS

Current assets, under section C of the balance sheet assets, are comprised of the following sub-sections:

- I - Inventory;
- II - Receivables;
- III - Current financial assets;
- IV - Liquid funds.

Current assets total €108,429,500 at 30 June 2023, an increase of €7,777,806 on the previous year end.
Details of each sub-section and its captions are provided below (accounting policies, changes, etc.).

Inventory

Inventory comprises goods held for sale measured at the lower of their purchase cost and estimated realisable value.
This basis of measurement has been applied consistently with previous reporting periods.
Returns, discounts, allowances and premiums are offset against costs.
Inventory is measured using the weighted average cost method.
The following table shows changes in inventory during the six months:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Finished goods	55,625,949	75,703,766	55,723,777	75,605,938	19,979,989	36
Payments on account	5,711,549	10,873,646	13,388,471	3,196,724	2,514,825-	44-
Total	**61,337,498**	**86,577,412**	**69,112,248**	**78,802,662**	**17,465,164**	**28**

A provision for inventory write-down adjusting the overall amount of inventory was recognised to take into account the unlikely future use of certain items in inventory.
The provision changed as follows in the first half of 2023:

	Opening balance	Accruals	Releases	Closing balance	Change
Provision for inventory write-down	81,576	16,251	7,435	90,393	8,817
Total	**81,576**	**16,251**	**7,435**	**90,393**	**8,817**

The accrual to the provision is recognised under caption B) 11 - Change in raw materials, consumables, supplies and goods in the profit and loss account. The release of the provision was included in the same caption of the profit and loss account to adjust the amount recognised previously.

Current receivables

Current receivables are recognised at amortised cost, as defined by article 2426.2 of the Italian Civil Code, considering the time value of money and their estimated realisable value, pursuant to the provisions of article 2426.1.8 of the Italian Civil Code.
They are adjusted to their estimated realisable value through the provision for bad debts.
When the application of the amortised cost method and/or discounting of the receivables is irrelevant, they are recognised at estimated realisable amount in order to give a true and fair view of the company's financial position and performance. This occurred, for instance, in the case of receivables due within one year or, as relates to the amortised cost criterion, when the transaction costs, commissions and any other difference between the original and settlement amounts at the due date are insignificant or, in case of discounting, when the interest rate based on contractual terms does not differ significantly from the market interest rate.

Changes in current receivables

The following table sets out the changes in receivables:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Trade receivables	23,051,623	118,316,590	130,956,933	10,411,280	12,640,343-	55-
Tax receivables	89,843	1,186,216	84,857	1,191,202	1,101,359	n/a
Deferred tax assets	48,321	2,406	-	50,727	2,406	5
From others	6	147,967	699	147,274	147,268	n/a
Total	**23,189,793**	**119,653,179**	**131,042,489**	**11,800,483**	**11,389,310-**	**49-**

Breakdown of current receivables by due date and geographical segment

Current receivables are analysed by due date and geographical segment in the following table:

	Italy	Other EU countries	Rest of Europe	Rest of the world
Trade receivables	**9,647,721**	**639,869**	-	**123,690**
Due within one year	9,647,721	639,869	-	123,690
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Tax receivables	**1,191,202**	-	-	-
Due within one year	1,191,202	-	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Deferred tax assets	**50,727**	**-**	**-**	**-**
Due within one year	-	-	-	-
Due between two and five years	50,727	-	-	-
Due after 5 years	-	-	-	-
From others	**147,274**	**-**	**-**	**-**
Due within one year	147,274	-	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-

Trade receivables

The company has not measured trade receivables at amortised cost, nor has it discounted them, as they are all due within one year.

Accordingly, the trade receivables in caption C.II.1) are recognised at their estimated realisable value, which corresponds to the difference between their nominal value and the provision for bad debts.
At the reporting date, the provision for bad debts amounts to €6,170.

Tax receivables

These receivables are recognised at their nominal value, which coincides with their estimated realisable value. They mostly consist of:

- payments on account of €669,236 for 2023 paid at 30 June 2023;
- a tax credit of €500,000 granted by the Ministry for Business and Made in Italy to cover the consultancy costs incurred for the listing on a regulated market or the multilateral trading systems of an EU member state.

Deferred tax assets

Pursuant to OIC 25, caption C.II 5-ter of the balance sheet assets includes deferred tax assets of €62,675.
These are "current" taxes for the period connected with "deductible temporary differences" the recovery of which is reasonably certain given that the company expects to make future taxable profits.

From others

This caption mostly comprises advances on remuneration and fees given to employees and directors.

Current financial assets

Derivatives

This caption includes interest rate hedges on the company's outstanding loans. As the requirements for hedge accounting are met, the company has recognised the derivatives as hedges and has accounted for their fair value in the hedging reserve (caption VII under net equity) at the reporting date.

Liquid funds

The following table shows changes in liquid funds during the six months:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Bank and postal accounts	15,962,754	134,901,696	133,179,817	17,684,633	1,721,879	11
Cash-in-hand and cash equivalents	198	698	278	618	420	212
Total	**15,962,952**	**134,902,394**	**133,180,095**	**17,685,251**	**1,722,299**	**11**

Prepayments and accrued income

The changes in prepayments and accrued income are shown in the following table:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Prepayments and accrued income	32,218	121,525	47,356	106,387	74,169	230
Total	**32,218**	**121,525**	**47,356**	**106,387**	**74,169**	**230**

The increase in this caption is due to the recognition of prepayments, calculated on service invoices received in the first half of 2023 but relating to the second half of the year.

Capitalised financial charges

As all interest and other financial charges are fully expensed, no financial charges are expected to be capitalised for the purposes of article 2427.1.8 of the Italian Civil Code.

Notes to liabilities and net equity

NET EQUITY

Net equity amounts to €65,353,536 and increased by €5,456,153 over the previous year end.
Changes in the individual financial statements captions are analysed below pursuant to current legislation.

Changes in net equity captions

With reference to the first half of 2023, the following tables show the changes in the individual net equity captions, as well as details of any reserves.

	Share capital	Share premium reserve	Legal reserve	Other reserves, indicated separately	Hedging reserve	Retained earnings	Net profit for the period	Total
Balance at 1 January 2021	**10,000**	**-**	**4,874**	**58,209**	**-**	**1,141,909**	**1,338,418**	**2,553,410**
Allocation of net profit for the year:								
- As dividends	-	-	-	-	-	-	-	-
- Other allocations	-	-	-	-	-	1,338,418	1,338,418-	-
Other changes:								
- To cover losses	-	-	-	-	-	-	-	-
- Capital transactions	-	-	-	-	-	-	-	-

	Share capital	Share premium reserve	Legal reserve	Other reserves, indicated separately	Hedging reserve	Retained earnings	Net profit for the period	Total
- Distributions to shareholders	-	-	-	53,000-	-	-	-	53,000-
- Other changes	-	-	-	4	11,232	2-	-	11,234
Net profit for 2021	-	-	-	-	-	-	7,366,620	7,366,620
Balance at 31 December 2021	**10,000**	**-**	**4,874**	**5,213**	**11,232**	**2,480,325**	**7,366,620**	**9,878,264**
Balance at 1 January 2021	**10,000**	**-**	**4,874**	**5,213**	**11,232**	**2,480,325**	**7,366,620**	**9,878,264**
Allocation of net profit for the year:								
- As dividends	-	-	-	-	-	-	-	-
- Other allocations	-	-	-	-	-	7,366,620	7,366,620-	-
Other changes:								
- To cover losses	-	-	-	-	-	-	-	-
- Capital transactions	603,750	27,186,250	-	-	-	490,000-	-	27,300,000
- Distributions to shareholders	-	-	-	-	-	-	-	-
- Other changes	-	-	-	1-	111,470	-	-	111,469
Net profit for 2022	-	-	-	-	-	-	22,607,650	22,607,650
Balance at 31 December 2022	**613,750**	**27,186,250**	**4,874**	**5,212**	**122,702**	**9,356,945**	**22,607,650**	**59,897,383**
Balance at 1 January 2023	**613,750**	**27,186,250**	**4,874**	**5,212**	**122,702**	**9,356,945**	**22,607,650**	**59,897,383**
Allocation of net profit for the year:								
- As dividends	-	-	-	-	-	-	-	-
- Other allocations	-	-	117,876	-	-	22,489,774	22,607,650-	-
Other changes:								
- To cover losses	-	-	-	-	-	-	-	-
- Capital transactions	1,169	-	-	-	-	-	-	1,169

	Share capital	Share premium reserve	Legal reserve	Other reserves, indicated separately	Hedging reserve	Retained earnings	Net profit for the period	Total
- Distributions to shareholders	-	-	-	-	-	-	-	-
- Other changes	-	-	-	1	15,463-	-	-	15,462-
Net profit for the first half of 2023	-	-	-	-	-	-	5,470,446	5,470,446
Balance at 30 June 2023	**614,919**	**27,186,250**	**122,750**	**5,213**	**107,239**	**31,846,719**	**5,470,446**	**65,353,536**

Changes in the other reserves are as follows:

	Extraordinary reserve	Sundry other reserves	Total
Balance at 1 January 2021	**5,210**	**52,999**	**58,209**
Allocation of net profit for the year:			
- As dividends	-	-	-
- Other allocations	-	-	-
Other changes:			
- To cover losses	-	-	-
- Capital transactions	-	-	-
- Distributions to shareholders	-	53,000-	53,000-
- Other changes	-	4	4
Net profit for 2021	-	-	-
Balance at 31 December 2021	**5,210**	**3**	**5,213**
Balance at 1 January 2021	**5,210**	**3**	**5,213**
Allocation of net profit for the year:			
- As dividends	-	-	-
- Other allocations	-	-	-
Other changes:			
- To cover losses	-	-	-
- Capital transactions	-	-	-
- Distributions to shareholders	-	-	-

	Extraordinary reserve	Sundry other reserves	Total
- Other changes	-	1-	1-
Net profit for 2022	-	-	-
Balance at 31 December 2022	**5,210**	**2**	**5,212**
Balance at 1 January 2023	**5,210**	**2**	**5,212**
Allocation of net profit for the year:			
- As dividends	-	-	-
- Other allocations	-	-	-
Other changes:			
- To cover losses	-	-	-
- Capital transactions	-	-	-
- Distributions to shareholders	-	-	-
- Other changes	-	1	1
Net profit for the first half of 2023	-	-	-
Balance at 30 June 2023	**5,210**	**3**	**5,213**

Breakdown of other reserves

		30/06/2023
Extraordinary reserve		
	Extraordinary reserve	5,210
	Total	**5,210**
Sundry other reserves		
	Euro rounding reserve	3
	Total	**3**

Availability and use of net equity

The net equity captions are analysed in the following tables, specifying their origin, possible use and distributability, and their use in the last three years.

	Type of reserve	Possible use	Available portion	Distributable portion	Non-distributable portion
Share capital					
Initial contribution	Equity	B	10,000	-	10,000
Capital increase of 17 June 2022	Income	B	490,000	-	490,000
Listing on EGM market on 1 August 2022	Equity	B	113,750	-	113,750
Stock option conversion on 19 April 2023	Equity	B	1,169	-	1,169
Total			*614,919*	-	*614,919*
Share premium reserve					
	Equity	A;B;C	27,186,250	27,186,250	-
Total			*27,186,250*	*27,186,250*	-
Legal reserve					
	Income	B	122,750	-	122,750
Total			*122,750*	-	*122,750*
Extraordinary reserve					
	Income	A;B;C	5,210	5,210	-
Total			*5,210*	*5,210*	-
Sundry other reserves					
	Equity	E	3	-	3
Total			*3*	-	*3*
Hedging reserve					
	Income	A;B	107,239	-	107,239
Total			*107,239*	-	*107,239*
Retained earnings					
	Income	A;B;C	31,846,719	31,846,719	-
Total			*31,846,719*	*31,846,719*	-
Total net equity			*59,883,090*	*59,038,179*	*844,911*
KEY: A: share capital increases; B: to cover losses; C: dividend distributions; D: for other by-law requirements; E: other					

Change in the hedging reserve

Pursuant to article 2427-bis.1b-quater of the Italian Civil Code, the following table shows the changes in the hedging reserves in the period.

	Opening balance	Changes - Decrease due to changes in fair value	Closing balance
Hedging reserve	122,702	15,463	107,239

Provisions for risks and charges

The following table sets out the changes in provisions for risks and charges:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Tax provision, including deferred tax liabilities	38,748	-	4,883	33,865	4,883-	13-
Other provisions	95,487	-	-	95,487	-	-
Total	**134,235**	**-**	**4,883**	**129,352**	**4,883-**	**4-**

Deferred tax liabilities are calculated on the mark-to-market value of the hedging derivatives recognised in balance sheet assets. The rate used to calculate deferred taxation is the 24% IRES rate established by the tax legislation in force at the reporting date.
Other provisions include the product warranty provision (€95,487), set up in view of the company's contractual commitments to customers to provide free assistance for the systems manufactured.

Employees' leaving entitlement

Employees' leaving entitlement is the actual amount due to employees in compliance with the law and current labour contracts, pursuant to article 2120 of the Italian Civil Code.
It is a remuneration cost whose nature is certain and is recognised on an accruals basis each year.
Pursuant to Law no. 296 of 27 December 2006 (the 2007 Finance Act), employees choose whether the employees' leaving entitlement accruing after 1 January 2007 is allocated to supplementary pension funds or held by the company, which then periodically transfers it to the INPS treasury fund.
Moreover:

a. the entitlement maintained by the company is recognised in caption C under liabilities, net of the substitute tax on the revaluation of employees' leaving entitlement (€165,958);
b. the liabilities for entitlement not yet paid at the reporting date are recognised in captions D.13 and D.14 under liabilities. The company does not revalue the entitlement transferred to the supplementary pension funds or the INPS treasury fund as this is done by the funds.

The relevant accrual is recognised in sub-caption B.9 c) of the profit and loss account for €60,351 and covers the period up to the reporting date.

The related liability is the amount that the company would have paid had all employees left at the reporting date, net of advances paid.
Changes in employees' leaving entitlement are shown in the following table:

	Opening balance	Accruals	Utilisations	Closing balance
EMPLOYEES' LEAVING ENTITLEMENT	130,840	60,209	25,091	165,958
Total	**130,840**	**60,209**	**25,091**	**165,958**

The utilisations include the employees' leaving entitlement transferred to the INPS treasury fund, supplementary pension funds and to employees for advances and/or on leaving the company.

PAYABLES

Changes in payables

Changes in payables are summarised in the following table:

	Opening balance	Increases	Decreases	Closing balance	Change	Change (%)
Bank loans and borrowings	24,147,478	63,568,973	65,404,825	22,311,626	1,835,852-	8-
Payments on account	228,288	7,485,272	7,680,244	33,316	194,972-	85-
Trade payables	15,380,467	175,764,293	171,701,759	19,443,001	4,062,534	26
Tax payables	6,021,688	20,291,759	18,852,215	7,461,232	1,439,544	24
Social security charges payable	150,898	438,485	452,925	136,457	14,441-	10-
Other payables	530,911	1,000,301	1,225,579	305,633	149,826-	42-
Total	**46,459,730**	**268,549,082**	**265,317,546**	**49,691,266**	**3,321,536**	**7**

Breakdown of bank loans and borrowings

Bank loans and borrowings are analysed in the following table:

	Unaccepted trade bills under reserve	Current loans	Non-current loans	Total
4)	6,336,788	1,617,617	14,357,221	22,311,626

Payments on account

Payments on account are recognised at their nominal value of €33,316 in caption D.6) of the liabilities.
The company has not measured payments on account at amortised cost nor discounted them, as they all relate to payables that will be settled within one year and the effects of the application of amortised cost would be immaterial.

Trade payables

Trade payables are recognised at their nominal value of €19,443,001 in caption D.7) Trade payables of the liabilities.
The company has not measured trade payables at amortised cost nor discounted them, as all recognised trade payables will be settled within one year and the effects of the application of amortised cost would be immaterial.

Tax payables

Current tax payables are recognised based on a realistic estimate of taxable profit (IRES) and production (IRAP) pursuant to the provisions in force, considering any applicable benefits and tax credits due. If the taxes to be paid are lower than the tax credits, the payments on account made and the taxes withheld, the resulting receivable is recognised under caption C.II.5-bis "Tax receivables" of the balance sheet assets.
The most important items making up tax payables are IRES (€5,724,721), IRAP (€845,208) and VAT (€605,130). The IRES and IRAP payables include:

- the payable for taxes due for 2023;
- the outstanding taxes payable for 2022 which the company pays in instalments.

Social security charges payable

Social security charges payable are recognised at their nominal value of €136,457 in caption D.13) of the liabilities.
The company has not measured social security charges payable at amortised cost nor discounted them, as they all relate to payables that will be settled within one year and the effects of the application of amortised cost would be immaterial.

Breakdown of other payables

Other payables are analysed in the following table:

		30/06/2023
Other payables		
	Employees for remuneration	119,339
	Employees for deferred remuneration	171,931
	Other	14,363
	Total	**305,633**

Breakdown of payables by due date and geographical segment

Payables are analysed by due date and geographical segment in the following table:

	Italy	Other EU countries	Rest of Europe	Rest of the world
bank loans and borrowings	**22,311,626**	**-**	**-**	**-**
Due within one year	13,744,954	-	-	-
Due between two and five years	8,566,672	-	-	-
Due after 5 years	-	-	-	-
Payments on account	**16,440**	**16,876**	**-**	**-**
Due within one year	16,440	16,876	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Trade payables	**2,010,666**	**1,249**	**-**	**17,431,086**
Due within one year	2,010,666	1,249	-	17,431,086
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Tax payables	**7,461,233**	**-**	**-**	**-**
Due within one year	7,461,233	-	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Social security charges payable	**136,457**	**-**	**-**	**-**
Due within one year	136,457	-	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-
Other payables	**305,633**	**-**	**-**	**-**
Due within one year	305,633	-	-	-
Due between two and five years	-	-	-	-
Due after 5 years	-	-	-	-

Payables secured by collateral on company assets

Pursuant to article 2427.1.6 of the Italian Civil Code, it is noted that there are no company liabilities secured by collateral.

Shareholder loans

The company has not received any loans from shareholders.

ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income are broken down in the following table:

		30/06/2023
ACCRUED EXPENSES AND DEFERRED INCOME		
	Accrued expenses	187,421
	Deferred income	421,345
	Total	**608,766**

Deferred income includes the deferred portion of the grant received for the consultancy costs incurred to list the company's shares on the EGM market.

Notes to the profit and loss account

The profit and loss account shows the net profit or loss for the period.
It provides an overview of operations, collating the positive and negative income items that make up the net profit or loss for the period. These positive and negative income items are recognised pursuant to article 2425-bis of the Italian Civil Code and are grouped according to whether they relate to core business, non-core business or financial activities.
The core business includes revenues and costs generated by recurring transactions in the company's main operating sector, related to its specific operations and business object.
Financial activities comprise the transactions that generate financial income and charges.
Lastly, the non-core business is comprised of transactions that generate income as part of ordinary operations but which do not form part of the core business or financial activities.
Although not expressly provided for by the Italian Civil Code, the distinction between core and non-core business has been maintained pursuant to OIC 12. This enables, exclusively on the revenues side, to distinguish those items that should be classified under caption A.1) "Turnover from sales and services" from those in caption A.5) "Other revenues and income".

Production revenues

Turnover from sales and services as part of the company's core business is recognised net of returns, trade discounts, allowances and premiums as well as taxes directly related to the sale of products or provision of services. It amounts to

€40,137,688 for the six months compared to €53,444,064 for the corresponding period of 2022. The reduction is due to the smaller sales volumes caused by the market slowdown as a result of the expiry of the Superbonus tax benefit.
Other revenues and income (from the non-core business) recognised in caption A.5) come to €391,339.

	H1 2023	H1 2022	Change	Change (%)
A.1) Turnover from sales and services	39,295,218	53,295,254	14,000,036-	26-
A.4) Internal work capitalised	451,131	-	451,131	n/a
A.5) Other revenues and income – Grants related to income	105,623	25,756	79,867	310
A.5) Other revenues and income – Other revenues	285,716	123,054	162,662	132
Total production revenues	**40,137,688**	**53,444,064**	**13,306,376-**	**25-**

Internal work capitalised

This caption of €451,131 mostly relates to the investments made in 2022 to develop the technology used in the large storage systems.

Other revenues and income include:

- the portion for the period of the grant for the consultancy costs incurred to list the company's shares on a regulated market (€100,096);
- reimbursements for transport costs (€126,623).

Breakdown of turnover from sales and services

Turnover from sales and services is analysed by geographical segment in the following table:

	Turnover from sales and services
Italy	33,240,874
Other EU countries	5,616,461
Rest of Europe	4,599
Rest of the world	433,284
Total	**39,295,218**

Production cost

The costs and charges in section B of the profit and loss account, classified by nature, are shown net of returns, trade discounts, allowances and premiums, while discounts of a financial nature are stated in caption C.16, as financial income.
Costs for raw materials, consumables, supplies and goods include related purchase costs (transport, insurance, loading and unloading, etc.) if the supplier has included them in the purchase price of the materials and goods. Otherwise, they are recognised under services (caption B.7).

Unrecoverable VAT is included in the purchase cost of goods. Captions B.6, B.7 and B.8 include not only certain costs as shown on the invoices received from suppliers, but also those of an estimated amount which are not yet documented, for which specific checks were carried out.
As the classification of costs "by nature" must prevail, accruals to the provisions for risks and charges are recognised under the core business captions to which the transaction relates, other than captions B.12 and B.13.
Net of returns, trade discounts and allowances, the production cost for the first half of 2023 totals €32,377,044.

	H1 2023	H1 2022	Change	Change (%)
B.6) Raw materials, consumables, supplies and goods	47,001,614	38,963,316	8,038,298	21
B.7) Services	2,949,828	1,702,043	1,247,785	73
8) Use of third party assets	69,218	57,383	11,835	21
9) Personnel expenses	1,245,386	738,927	506,459	69
10) Amortisation, depreciation and write-downs	542,715	138,621	404,094	292
B.11) Change in raw materials, consumables, supplies and goods	(19,979,990)	(2,819,942)	(17,160,048)	609
B.14) Other operating costs	303,658	31,870	271,788	853
Total production cost	**32,132,429**	**38,812,218**	**(6,679,789)**	**-17**

Raw materials, consumables, supplies and goods

The cost of purchasing raw materials increased by €8,038,298 to €47,001,614 for the six months from €38,963,316 for the first half of 2022.
This increase is mostly due to the company's stockpiling policy in order to be able to fill customer orders more quickly.

Services

Costs for services amount to €2,949,828 for the period, compared to €1,702,043 for the corresponding period of 2022, an increase of €1,247,785. The main items making up this caption are:

- transport costs of €554,077, showing a significant drop on the €2.1 million for the first half of 2022;
- technical, tax and legal consultancy costs of €778,699;
- directors', statutory auditors' and independent auditors' fees of €613,792;
- advertising and trade fair costs of €182,370;
- bank commissions and charges of €218,394.

Personnel expenses

Personnel expenses amount to €1,245,386 compared to €738,927 for the first half of 2022. The increase of €506,459 is mainly due to the larger workforce.

Financial income and charges

Financial income and charges are recognised on an accruals basis.

	H1 2023	H1 2022	Change	Change (%)
C.16) Financial income	2,870	19	2,851	n/a
C.17) Interest and other financial charges	(581,183)	(103,140)	(478,043)	463
C.17-bis) Net exchange rate gains	41,880	24,465	17,415	71
Net financial charges	**(536,433)**	**(78,656)**	**498,309**	**(634)**

Income from equity investments

The company has not recognised any income from equity investments as per article 2425.15 of the Italian Civil Code.

Amount and type of individual revenue/expense items of an exceptional size or impact

During the period, the company did not recognise revenue and expenses of an exceptional impact.

Income taxes, current and deferred

A reconciliation of the theoretical and effective tax base is provided below based on the expected taxable profit for the entire year:

IRES/IRAP reconciliation

	IRES	IRAP
Theoretical tax base	7,468,826	9,250,645
Theoretical tax	1,792,518	277,519
Theoretical rate	24.00%	3.00%
Permanent differences - increases	319,592	459,982
Permanent differences - decreases	450,157	105,608
Total	7,338,261	9,605,019
Deductions	211,346	1,156,180
Tax base	7,126,915	8,448,839
Effective tax	1,710,460	290,326
Effective rate	24.00%	3.44%

Other information

The other information required by the Italian Civil Code is provided below.

Off-balance sheet commitments, guarantees and contingent liabilities

None.

Assets earmarked for a specific deal

There are no assets earmarked for a specific deal at the reporting date pursuant to article 2427.20 of the Italian Civil Code.

Loans earmarked for a specific deal

There are no loans earmarked for a specific deal at the reporting date pursuant to article 2427.21 of the Italian Civil Code.

Related party transactions

For the purposes of the regulations in force, it is noted that, in the six months ended 30 June 2023, there were no atypical and/or unusual transactions whose significance and/or materiality could affect the protection of company assets and of minority shareholders, either with related or other non-related parties.

Off-balance sheet agreements

No off-balance sheet agreements were entered into during the period.

Post-balance sheet events

With reference to article 2427.22-quater of the Italian Civil Code covering post-balance sheet events with a significant impact on the company's financial position, financial performance and cash flows, no such events took place after the reporting date except for completion of the acquisition of the business unit from Cloud Computing S.r.l. by Energyincloud S.r.l.. This acquisition, for which Energy had signed a preliminary agreement in the first half of the year, is part of the company's strategic plan to insource software expertise.

Companies that prepare consolidated financial statements for the largest/smallest group of companies that the company belongs to as a subsidiary

The company does not fall into the cases referred to in article 2427.22-quinquies and sexies of the Italian Civil Code.

The interim financial statements are true and consistent with the accounting records.
Rovereto, 27 September 2023

Chairman of the board of directors
Alessandro Granuzzo

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza Salvemini, 20
35131 PADOVA PD
Telefono +39 049 8249101
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

Relazione di revisione contabile limitata del bilancio intermedio semestrale

Al Consiglio di Amministrazione della
Energy S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato bilancio intermedio semestrale, costituito dallo stato patrimoniale al 30 giugno 2023, dal conto economico, dal rendiconto finanziario e dalla nota integrativa della Energy S.p.A. per il periodo di sei mesi chiuso al 30 giugno 2023. Gli amministratori della Energy S.p.A. sono responsabili per la redazione del bilancio intermedio semestrale che fornisca una rappresentazione veritiera e corretta in conformità al principio contabile OIC 30. E' nostra la responsabilità di esprimere una conclusione sul bilancio intermedio semestrale sulla base della revisione contabile limitata svolta.

Portata della revisione contabile limitata

Il nostro lavoro è stato svolto in conformità all'International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". La revisione contabile limitata del bilancio intermedio semestrale consiste nell'effettuare colloqui, prevalentemente con il personale della Società responsabile degli aspetti finanziari e contabili, analisi di bilancio ed altre procedure di revisione contabile limitata. La portata di una revisione contabile limitata è sostanzialmente inferiore rispetto a quella di una revisione contabile completa svolta in conformità agli International Standards on Auditing e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti significativi che potrebbero essere identificati con lo svolgimento di una revisione contabile completa. Pertanto, non esprimiamo un giudizio sul bilancio intermedio semestrale.

Conclusioni

Sulla base della revisione contabile limitata svolta, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'allegato bilancio intermedio semestrale della Energy S.p.A. per il periodo di sei mesi chiuso al 30 giugno 2023, non fornisca una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria e del risultato economico della Energy S.p.A. in conformità al principio contabile OIC 30.

Padova, 29 settembre 2023

KPMG S.p.A.

Silvia Di Francesco
Socio