

PRESS RELEASE – ENERGY S.P.A.

ENERGY'S BOARD OF DIRECTORS APPROVES HALF-YEAR 2023 FINANCIAL REPORT: REVENUES OF EURO 39.3 MILLION, EBITDA MARGIN OF 21.8%

CEO Davide Tinazzi: *"In the first half of the year, the Company undertook 11 new product and feature development projects, which have already returned excellent results on the international market."*

For H1 2023, Energy S.p.A. reports:

- **Sales revenues:** Euro 39.3 million, decreasing 26.3% on Euro 53.3 million in H1 2022.
- **EBITDA:** Euro 8.5 million, compared to Euro 14.8 million in the first half of 2022, with a margin of 21.8% (27.7% in H1 2022);
- **Net Profit:** Euro 5.5 million, compared to Euro 10.7 million in the first half of 2022, with a margin of 13.9% (20.0% in H1 2022);
- **Backlog:** Euro 6.6 million at June 30, 2023 (unaudited figure);
- **Net cash flow** positive for Euro 1.7 million;
- **Net Financial Debt** decreases to Euro 4.6 million compared to Euro 8.2 million at December 31, 2022.

S. Angelo di Piove di Sacco (Padua), September 27, 2023 – The Board of Directors of **Energy S.p.A.**, an integrated energy storage systems producer and listed on the Euronext Growth Milan market, (ISIN Code **IT0005500712**, Ticker **ENY**), today approved the half-year financial report at June 30, 2023, which is subject to limited audit and prepared in accordance with the Euronext Growth Milan Issuers' Regulation and with Italian GAAP.

The period under review saw a slowdown for the company, representing an extraordinary deviation from an established growth trend over the past decade. *"The first half of 2023 was a time of serious uncertainty in the economic and regulatory environment, both at the European and global levels. 2023 represents an unprecedented year in the Company's history. We believe that the strategies set out in previous years and presented to the market when the company was listed - particularly the international expansion of the business, changes to the mix and the bringing in-house of production phases - have proved to be effective and even in a more complex environment; today, enacting them needs a faster timeframe and Energy has put itself in a position to do so ahead of many of its competitors. Therefore, it can be expected that the second half of the year and the years to follow will see a strong focus toward exports and toward new customers in the industrial, agri-voltaic, and large building segments. We will need to maintain an adequate, streamlined internal organization that is able to support a renewed and growing customer portfolio, operating in a continually evolving commercial and financial environment"* says Davide Tinazzi, Co-founder and Chief Executive Officer of Energy S.p.A.

The H1 2023 key financial highlights are presented below and compared with the corresponding figures from H1 2022.

(Euro millions)	H1 2023	%	H1 2022	%
Revenues	39,295	100.0%	53,295	100.0%
EBITDA	8,548	21,8%	14,770	27.7%
EBIT	8,005	20,4%	14,632	27.5%
Net Profit	5,470	13.9%	10,656	20.0%

EBITDA stood at Euro 8.5 million (21.8% of revenues), with margins in line with expectations.

EBIT in H1 2023 was Euro 8.0 million, with a 20.4% margin, compared to Euro 14.6 million in H1 2022 (27.5% margin), also in line with the profitability target.

The company's **pre-tax profit** in H1 2023 was Euro 7.5 million (19.0% of revenues), contracting on the same period in 2022 (Euro 14.5 million, 27.3% of revenues).

Finally, the **net profit** was Euro 5.5 million (13.9% of revenues), down from H1 2022 (Euro 10.7 million, 20.0% of revenues).

(Euro millions)	30/06/2023	31/12/2022
Fixed assets	7,413	6,079
Net working capital	62,862	62,268
Post-employment benefits and other provisions	(295)	(265)
Capital employed	69,980	68,082
Equity	65,354	59,897
Net Financial Debt (cash)	4,626	8,185
Total sources	69,980	68,082

OPERATING PERFORMANCE

The period featured sales that were significantly lower than expected (Euro 39.3 million) due to the block on photovoltaic installations in March and April 2023, caused by the installers crisis and in turn by the block of the receivables factoring mechanism. Sales volumes recovered partially from May after factoring once again became formally available, while developing erratically over the subsequent months and which should normalise over the coming months. The liquidity crisis has also caused a gradual reduction in order visibility to just a few weeks. Margins in the half year are in line with expectations at the end of 2022, with EBITDA at 21.8%, reflecting the greater pressure on revenues in terms of a demand for price discounts. Margins benefited from stable costs from advance purchases in an environment where pricing policy had to remain stable, and the internalisation of production has not yet produced positive effects. Investments in fixed assets continue. Specifically, these include: completion of the enclosure for the indoor department to be used for battery assembly and the continuation of demolition work on the existing building in the adjacent area, which was acquired in September 2022; ongoing work on the photovoltaic system and the production storage system; advances to construct the new building and battery assembly line; and to a lesser extent, equity investments in two new companies.

REVENUES BY REGION

During the first half of 2023, Italy provided the bulk of revenues, although declining in relative terms due to the 91% growth in the European share.

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

SALES REVENUE BY PRODUCT CATEGORY

In a difficult moment, commercial expansion of the “Extra Large” (XL) product continued in a major way, nearly doubling in absolute terms and confirming the increasing importance of the C&I segment in the sales mix. In this regard, the first XL Shell model produced by the Company was presented at the industry’s most important European trade fair (Intersolar) in Munich in June.

	H1 2023	%	H1 2022	%	cge.	cge. %
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%

SALES REVENUES BY CHANNEL

In terms of customer type, in June 2023 the relative weight of Value-Added Resellers (VARs) increased to 36% compared with the same period in 2022, while there was some rebalancing between the weighting of the general distributors of electrical equipment and PV specialists. The Engineering Procurement & Construction (EPC) channel remained at 2022 levels, since it was not the only outlet channel for Extra Large products - though it was the main target.

	H1 2023	%	H1 2022	%	cge.	cge. %
Specialist distributor	10,853,132	28%	15,575,731	29%	- 4,722,599	-30%
VAR	13,973,232	36%	17,078,192	32%	- 3,104,960	-18%
General distributor	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%

NUMBER OF STORAGE SYSTEMS SOLD AND TOTAL CAPACITY

In H1 2023, the Company sold 7,086 storage systems (10,396 storage systems sold in H1 2022), totalling 37.5 MW of power, compared to 58 MW in the same period of 2022.

	H1 2023	H1 2022
Number of systems sold	7,086	10,396
Total capacity	37.5 MW	58 MW

EQUITY AND FINANCIAL OVERVIEW

At December 31, 2022, **total fixed assets** amounted to Euro 6.1 million. A June 30, 2023, total fixed assets amounted to Euro 7.4 million, including Euro 4.3 million in **intangible assets** and Euro 2.9 million in **tangible assets**. Development costs of Euro 0.2 million were capitalized, as were the costs of modification work on the rent-to-buy property for Euro 0.2 million, and Euro 0.6 million for the development of the Cloud XL platform. Tangible assets, meanwhile, include removable plant, handling and lifting machinery and equipment, office furniture, and advance payments for the first battery assembly line, the 100 kW photovoltaic plant, the demolition of the adjacent building, advance payments for construction of the new plant, and the production storage plant (Euro 1.3 million in total). Financial fixed assets for Euro 0.2 million include receivables for security deposits relating to the lease of the operating headquarters, for utilities, and the equity investments in the two companies created in May 2023 (Pylon Life EU s.r.l. and Energyincloud s.r.l.).

Commercial working capital changed during the half year, standing at Euro 69.7 million at June 30, 2023. This consisted mainly of inventories for Euro 78.8 million - of which Euro 3.2 million in advances to suppliers and Euro 75.6 million in goods - trade receivables for Euro 10.4 million and trade payables for Euro 19.5 million. The total figure increased slightly compared to the end of 2022 as a result of increased inventories (+Euro 17.5 million), lower trade receivables (Euro -12.6 million) and higher trade payables (Euro 3.9 million). The increase in inventories is due to the combination of an expansive purchasing policy in H2 2022, which was not offset by adequate sales volumes in 2023, contrary to expectations.

Net working capital at December 31, 2022 was Euro 62.3 million, while at June 30, 2023 amounted to Euro 62.9 million, an increase of Euro 0.6 million.

Capital employed totalled Euro 70.0 million, increasing on Euro 68.1 million at December 31, 2022.

The total sources item of Euro 70.0 million consists of shareholders' equity for Euro 65.4 million and **net financial debt** (NFP) for Euro 4.6 million. This figure is down on December 31, 2022 (Euro 8.2 million) as a result of operating cash generation and the collection of trade receivables from fiscal year 2022, which more than offset the payment of trade payables. Total financial debt - held exclusively with banks through self-liquidating lines and mortgages - consists of current financial debt (cash) for Euro 3.9 million and medium- to long-term bank debt of Euro 8.6 million. Increased recourse to debt was chiefly necessary to finance working capital and partly for investment in tangible assets.

(Euro thousands)	30/06/2023	31/12/2022	cge.	cge. %
(Cash and cash equivalents)	(17,685)	(15,963)	(1,722)	11%
Short-term loans and borrowings	13,745	18,649	(4,904)	-26%
Current payables to other lenders	-	-	-	-
Current financial debt	(3,940)	2,686	(6,626)	-247%
Medium/long-term loans and borrowings	8,566	5,499	3,067	56%
Non-current payables to other lenders	-	-	-	-
Net financial debt	4,626	8,185	(3,559)	-43%

CASH FLOW

Net cash flow is positive for Euro 1.7 million, including positive cash flow from operating activities for Euro 6.0 million and negative cash flow from investments of Euro 1.9 million.

BACKLOG

At the end of June, the backlog stood at Euro 6.6 million (unaudited figure), down from December 31, 2022; this figure, however, was affected by a high volume of orders still outstanding following material shortages. At the end of June, the backlog reflects order visibility that has reduced to a few weeks. This has been the case on the market since March, following the liquidity crisis created by the blocking on the factoring of receivables.

SIGNIFICANT EVENTS IN H1 2023

During the reporting period, the Company continued to pursue its medium- to long-term strategy. On May 23, 2023, it established the subsidiary Energyincloud s.r.l. (EiC), and on June 27 it signed a preliminary agreement to acquire (through EiC) the main business unit of Cloud Computing s.r.l., a company that since 2016 has operated in software development with IoT applications. The acquisition was completed in July. This effectively internalized key skills and technologies in the software underlying the Energy Management System used in Energy's products and which enable customers' priority functions and services, particularly in the Commercial&Industrial (and agrivoltaic) sector. In the same period, Energy obtained a building permit to construct the new battery production plant adjacent to the site currently used in Sant'Angelo di Piove di Sacco (PD), located on the land acquired in September 2022. The associated company Pylon LifeEU s.r.l. was also established in June. - as a joint venture with Pylon Technologies Europe B.V. - to research, develop and manufacture lithium batteries for stationary storage.

SUBSEQUENT EVENTS

With reference to point 22-*quater* of Article 2427 of the Civil Code, concerning to the reporting of major events occurring after the closing of this half-year report, no significant events occurred after June 30, 2023, except the completion of the acquisition of the business unit of Cloud Computing S.r.l. by Energyincloud s.r.l, a subsidiary of Energy S.p.A. This acquisition - for which Energy signed a preliminary agreement in H1 2023 - is part of the Company's strategy to internalize software expertise which forms part of the its strategic plan.

OUTLOOK

Considering the current economic and regulatory scenario, the second half of the year is expected to see a further uptick for exports and towards new customers in the industrial, agrivoltaic and large building sectors. The domestic residential sector, meanwhile, can be expected to be further influenced by the liquidity crisis as a result of tax credits that are stranded or not used. Management believes that given the current framework of uncertainty, targets stated for FY 2023 could not be completely achieved. The Management remains however confident on the achievement of medium-term targets, although in a longer period compared to what was stated at the time of the IPO.

PRESENTATION OF RESULTS TO THE FINANCIAL COMMUNITY

The H1 2023 results shall be presented to the financial community on September 27, 2023 at 4PM CET during a conference call. You may participate through the following link:

<https://meet.google.com/wrr-raoi-vgk>

This press release is available on Energy S.p.A.'s website, in the "Investor Relations/Press Releases" section, and on www.emarketstorage.com.

The financial statements at June 30, 2023 (limited audit) shall be made available to the public in accordance with law and the terms and means established by the Issuers' Regulation, and also on the website of Energy S.p.A. (www.energysynt.com) in the "Investor Relations" section.

Energy S.p.A., founded in 2013 by Davide Tinazzi, Andrea Taffurelli and Massimiliano Ghirlanda and listed since August 1, 2022 on the Euronext Growth Milan market of the Italian Stock Exchange, is headquartered in the province of Padua (Italy) and is an energy storage systems for both residential and large-scale applications sector leader. Our systems allow energy to be stored and released according to customers' energy needs. Energy has to date sold and installed more than 53,000 systems across the country, with a focus on the residential, commercial, industrial, Utilities and electric mobility markets. The biggest projects executed include the large-scale plant in Comiso (Sicily), consisting of an agrivoltaic plant and a photovoltaic field, the large-scale plant at the CAAB Centre in Bologna, the Smart Grids at numerous municipalities in Sardinia and Lombardy and a Condominium Energy Community in Switzerland where individual hubs exchange energy as needed. Energy's sales channels include both general electrical distributors and PV specialists, while the company also works with large European EPCs. The proximity of Energy's logistics to the headquarters of major distributors has allowed the company to establish strong partnerships with the Italian and European market players. The company purchases components from major international suppliers and combines them with its "Zero Co2" proprietary software to build EU standard compliant systems. www.energysynt.com

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INCOME STATEMENT

(Euro thousands)	H1 2023	%	H1 2022	%	cge.
Revenues from sales and services	39,295	100%	53,295	100%	(14,000)
Capitalisation of internal works	451	1%	-	0%	451
Other revenues	391	1%	149	0%	243
Material costs ⁽¹⁾	27,022	69%	36,143	68%	(9,122)
Service costs	2,950	7%	1,702	3%	1,248
Personnel expense	1,245	3%	739	1%	506
Other costs ⁽²⁾	373	1%	89	0%	284
EBITDA	8,548	22%	14,770	28%	(6,222)
Amortisation & depreciation	543	1%	139	0%	404
Write-downs	0	0%	0	0%	0
EBIT	8,005	20%	14,632	27%	(6,627)
Financial income/(expenses)	(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	5,470	14%	10,656	20%	(5,185)

BALANCE SHEET

(Euro thousands)	30/06/2023	31/12/2022	cge.	change %
Intangible assets	4,254	4,315	(61)	(1%)
Property, plant and equipment	2,935	1,608	1,326	82%
Financial assets	225	156	69	44%
Total fixed assets	7,413	6,079	1,334	22%
Inventories	78,803	61,337	17,465	28%
Trade receivables	10,411	23,052	(12,640)	(55%)
Trade payables and advances	(19,476)	(15,609)	(3,868)	25%
Commercial working capital	69,738	68,780	957	1%
Other receivables and prepayments/accrued income	1,637	296	1,341	453%
Other payables and accrued liabilities/deferred income	(8,512)	(6,808)	(1,704)	25%
Net working capital	62,862	62,268	594	1%
Post-employment benefits and other provisions	(295)	(265)	(30)	11%
Capital employed	69,980	68,082	1,898	3%
Equity	65,354	59,897	5,456	9%
Net financial debt	4,626	8,185	(3,558)	(43%)
Total sources	69,980	68,082	1,898	3%

NET FINANCIAL POSITION

(Euro thousands)	30/06/2023	31/12/2022	cge.	cge. %
(Cash and cash equivalents)	(17,685)	(15,963)	(1,722)	11%
Short-term loans and borrowings	13,745	18,649	(4,904)	-26%
Current payables to other lenders	-	-	-	-
Current financial debt	(3,940)	2,686	(6,626)	-247%
Medium/long-term loans and borrowings	8,566	5,499	3,067	56%
Non-current payables to other lenders	-	-	-	-
Net financial debt	4,626	8,185	(3,559)	-43%

CASH FLOW STATEMENT

	1st H 2023A	2022A	Δ%
EBIT	8.0	31.6	-74.6%
Income taxes	(2.0)	(8.4)	-76.2%
Depreciation and amortization	0.5	0.6	-9.3%
Change in trade NWC	(1.0)	(54.1)	<i>n.m.</i>
Change in other assets (liabilities). Severance indemnity funds and others	0.4	4.2	-90.6%
Operating cash flow	6.0	(26.1)	<i>n.m.</i>
Capex	(1.9)	(6.0)	-68.9%
Cash available for debt service	4.1	(32.2)	<i>n.m.</i>
Change in debt	(1.8)	19.3	<i>n.m.</i>
Financial income / (expenses)	(0.5)	(0.6)	-8.7%
Change in Equity	(0.0)	27.4	<i>n.m.</i>
Net Cash Flow	1.7	14.0	-87.7%

Cash BoP	16.0	2.0
Net Cash Flow	1.7	14.0
Cash EoP	17.7	16.0