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Energy S.p.A

A leading Italian energy storage systems integrator

Investor Presentation
October 2022

TODAY'S SPEAKERS



Davide Tinazzi

Co-Founder and CEO

- PhD in Engineering, Master in Project and Innovation Management
- Former Project Manager in the field of nanotechnology
- Served as COO in former Mitsubishi Electric Klimat Transportation Systems



Andrea Taffurelli

Co-Founder and CTO

- Degree in Mechanical Engineering
- Well-acknowledged CTO in the air conditioning/refrigeration business
- Served as CTO in former Mitsubishi Electric Klimat Transportation Systems



Daniele Manfroi

CFO

- MBA, Degree in Business Management, post-graduate Master in Environmental Management
- Former Auditor in Quality, and EHS certification
- Served as Quality and EHS manager in Mitsubishi Electric Klimat Transportation Systems

PRODUCT VIDEO



OUR MISSION



“The next 1,000 unicorns won’t be search engines or social media companies, they will be sustainable, scalable innovators: start-ups that help the world decarbonize and make the energy transition affordable for all consumers”

Larry Fink, BlackRock’s Chairman and CEO – Letter to stakeholders – March 24th, 2022

“Dreaming to give every individual, family or business, the tangible opportunity to mitigate climate change and actively contribute to the green energy transition. Everyone can reduce the emissions of CO₂ by maximizing the self production of electricity, also contributing to the grid”

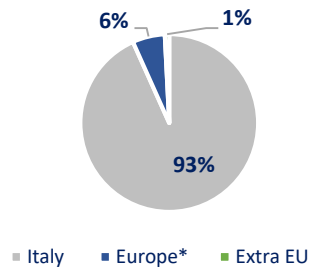
INTRODUCTION TO ENERGY



Established in 2013, Energy S.p.A. («Energy») is an advanced system integrator of Energy Storage Systems (ESS), both for residential use (Small&Large: <50kW ESS) and for larger scale applications (Extra Large: >50kW+ ESS). The company sources components from leading international suppliers, combining them with proprietary software and its products are sold under the company's brand **zeroCO₂**

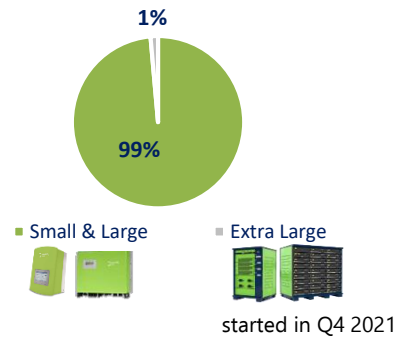
1st H 2022 REVENUES BREAKDOWN

BY GEOGRAPHY

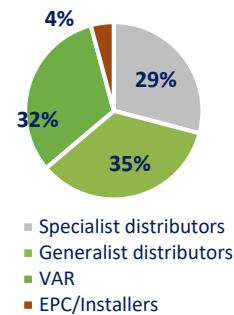


* Excluding UK and Switzerland

BY PRODUCT CATEGORY



BY CHANNEL



KEY FINANCIALS

FY 2021		1 st H 2022	
9.150 ESS sold		10.396 ESS sold	
REVENUES			
EUR 52m		EUR 53m	
FY 2021		1 st H 2022	
56 MW		58 MW	
EBITDA			
EUR 10m		EUR 15m	
(20% margin)		(28% margin)	

Financial guidelines & Market Trend

ENERGY IS PLAYING A LEADING ROLE IN A MARKET EXPECTED TO GROW AT A CAGR2021-2030 OF c. 30%

Revenues EUR 120-140m

EXPECTED IN 2022 OVER PERFORMING MARKET GROWTH

2022-24 growth at CAGR c. 30%

BACK IN LINE WITH THE MARKET

EXPECTED TRENDS

CONSOLIDATING THE POSITION IN THE SMALL&LARGE ESS SEGMENT
(SHIFT TOWARDS LARGER CLIENTS)

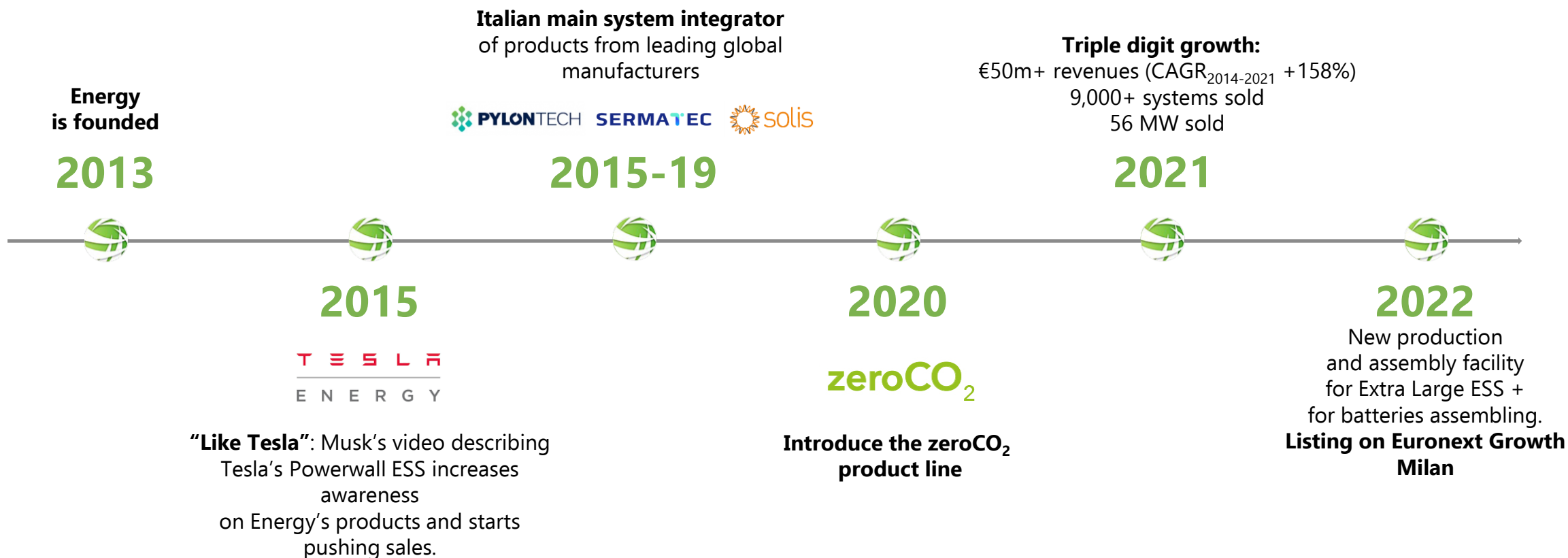
TARGETING THE EXTRA LARGE ESS SEGMENT
(A SEGMENT WITH STILL LOW COMPETITION)

GEOGRAPHICAL EXPANSION IN EUROPE AND NORTH AMERICA
(MAINTAINING THE LEADERSHIP IN THE ITALIAN MARKET)

OUR HISTORY

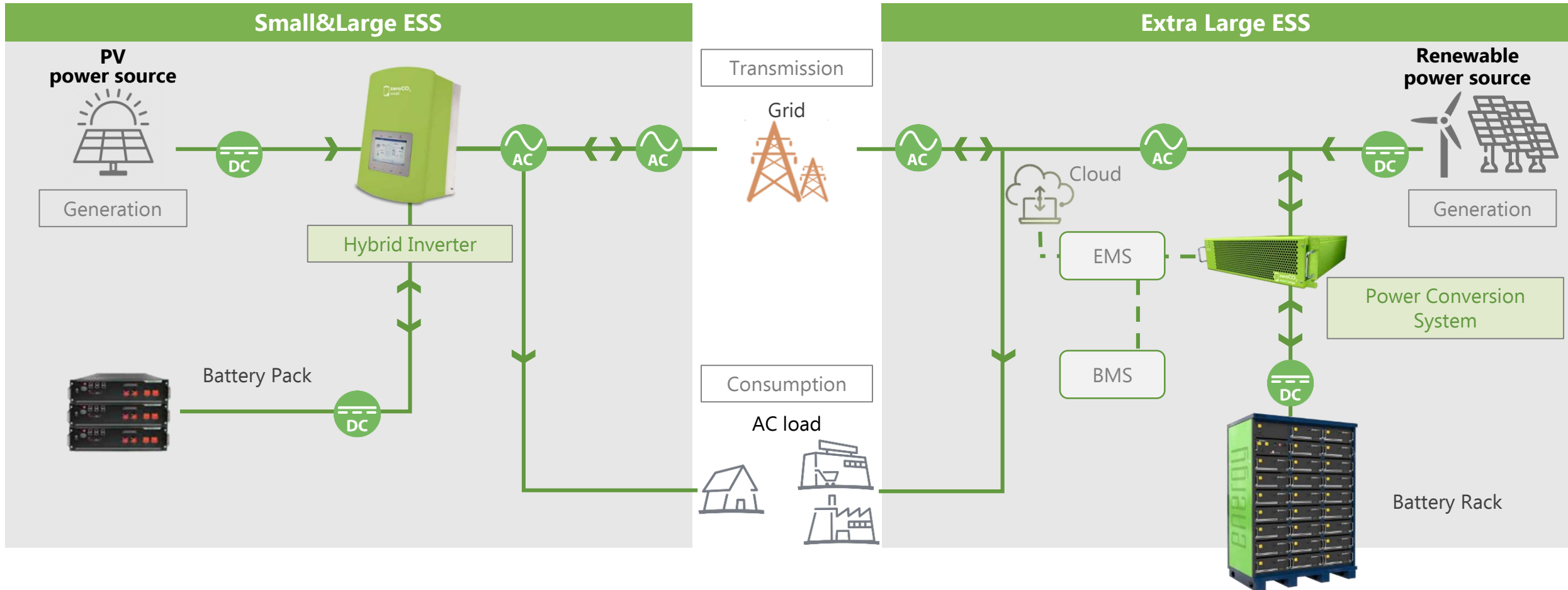


In the eight years since inception, Energy has grown under the leadership of Mr. Tinazzi to become **the reference player in the Italian market** for ESS solutions, in partnership with primary global manufacturers of components, **supplying integrated systems** to both residential and larger clients.



HOW DO ENERGY STORAGE SYSTEMS WORK?

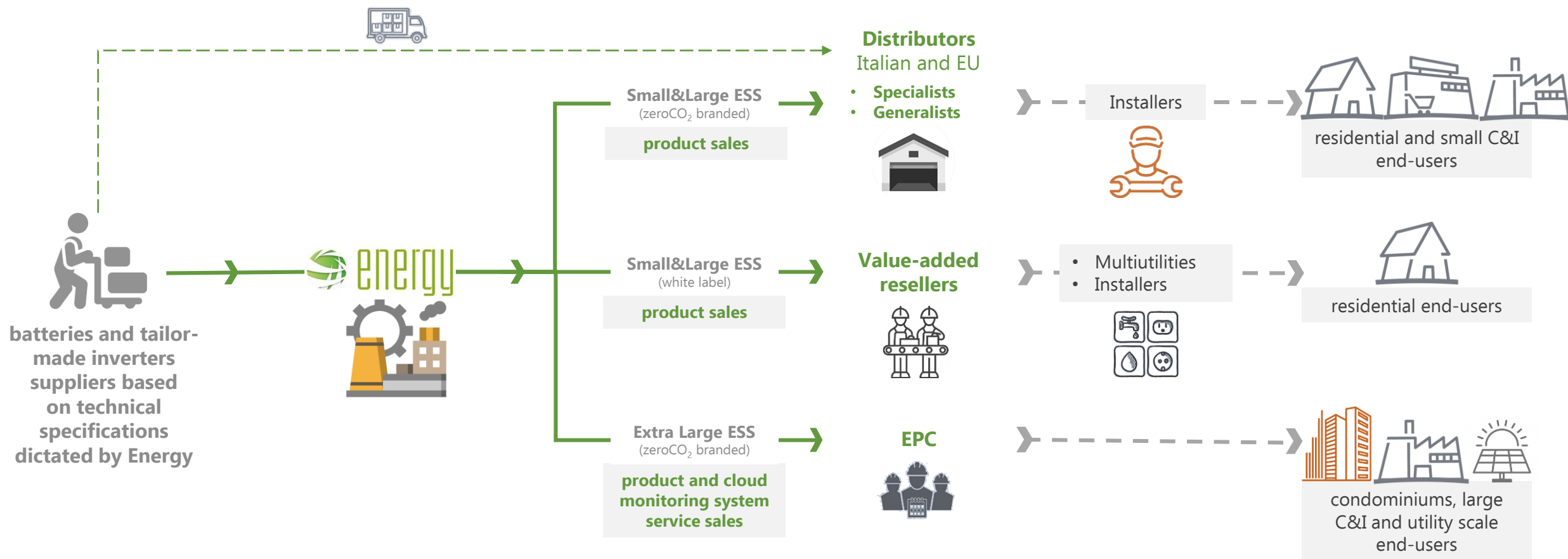
Energy storage systems enable energy from renewable sources to be stored and then released when customers need power most. An ESS is a complex system comprising hardware and software components: battery system, battery management system (BMS), inverter or power conversion system (PCS), energy management system (EMS) connected to a cloud platform.



GO-TO-MARKET: AN INCREASING ATTRACTIVE MARKET FOR LARGER DISTRIBUTORS



Energy's sales network consists of both electrical goods distributors and photovoltaic specialists. Energy also works with large European EPCs. The proximity of Energy's logistics to the headquarters of the main distributors has led the company to have solid partnerships with major market players in Italy and Europe. Energy does not sell directly to the final consumer.



ENTRY BARRIERS



Technological know how and learning curve capabilities



Effective and reliable EMS software



Strong customers access



Best in class after sales services



Unique access to Tier I global suppliers



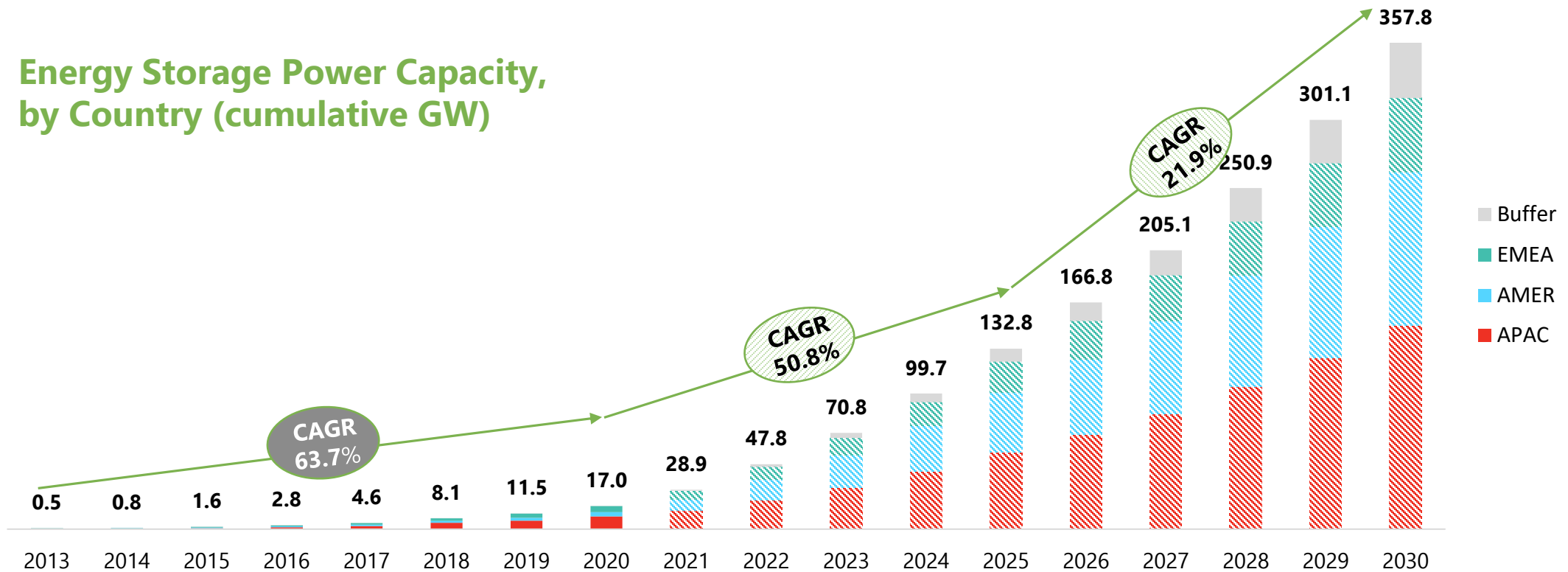
Favorable regulatory framework

GLOBAL ENERGY STORAGE MARKET



The global storage market is growing at unprecedented pace, it is expected to grow at a **CAGR₂₀₂₁₋₂₀₃₀ of c. 30%**. It will reach a cumulative **358GW/1,028GWh by 2030**, more than twenty-fold the 17GW/34GWh capacity online at the end of 2020, attracting **\$262 billion in investment between 2021 and 2030**. The **U.S. and China are the two largest markets**, representing over half of the global cumulative build by 2030

Energy Storage Power Capacity, by Country (cumulative GW)



Source: BloombergNEF – Global Energy Storage Outlook 2021

Note: Buffer represents rest of the world lacking in visibility and countries that are likely to exceed their current targets.

CURRENT MARKET ENVIRONMENT

Today, the demand for energy storage systems is a function of:

1

Need for a better efficiency in energy supply



2

Cost of energy from the grid and return of the investment



3

Macrotrend focused on reducing CO₂ emissions and dependency on fossil energy sources



110% incentive impact on growth

The Company does not consider the Italian 110% bonus incentive as a catalyst for the future revenue growth

Main consequences:

Client mix:

Focus on residential users

Geographical split:

Focus on domestic market

Increased competition on prices

A significant portion of Energy's future growth will not come from the Italian residential market, therefore out of 110% scope

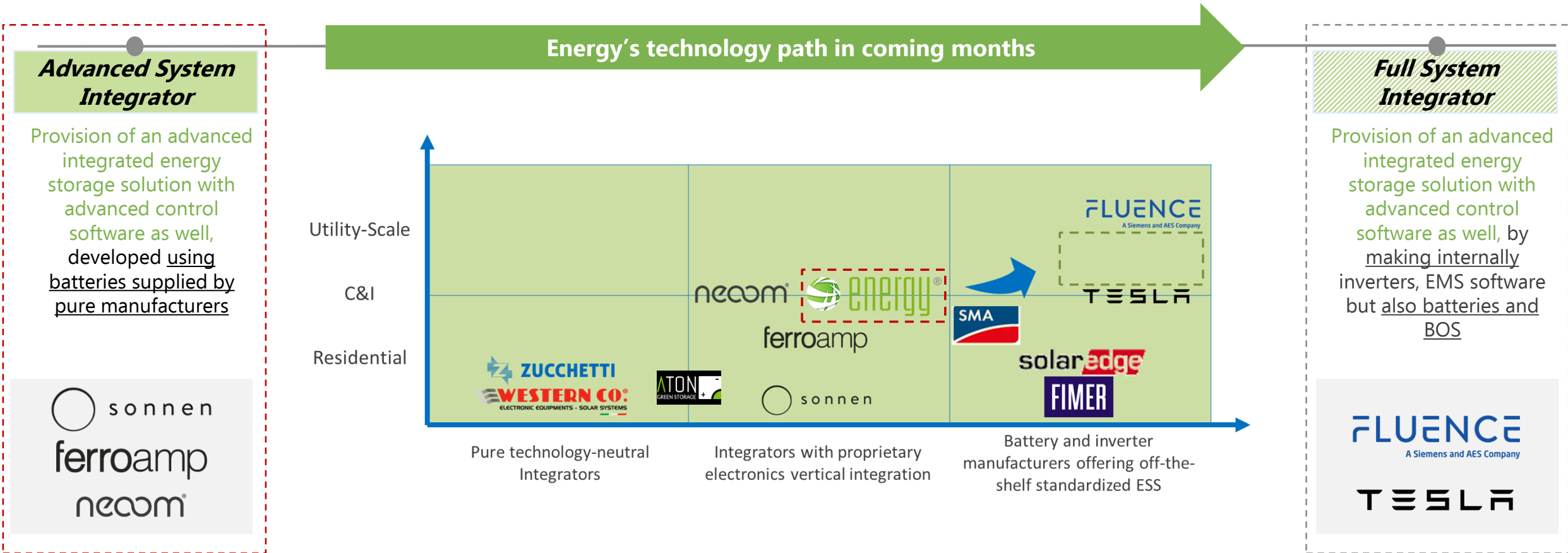
Energy Value Added

- **Highly specialized engineering expertise** to offer a unique customized solution including hardware combined with a proprietary software
- Pylontech long term relationship as proof of **Energy strategic value proposition and ability to secure the procurement of key components**
- **"Made in Italy"** brand

POSITIONING



Energy aims to become a full system integrator in the coming months (from advanced system integrator) by insourcing the manufacturing of ESS' hardware and software, by acquiring specialized EPCs and a cloud-computing firm.



VALUE CHAIN

Procurement



- Energy's key role for suppliers gained through:
 - the ability to integrate effectively individual multi-sourced products into state-of-the-art ESS
 - the full control of the after-sales, avoiding end-users' recourse to suppliers
 - the joint work to eliminate suppliers' products defects
- The estimated procurement need of batteries and inverters in the medium-short term (2022-2023) is already secured by long-term supply agreements

R&D

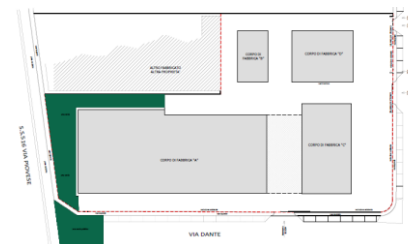
- Energy's R&D department oversees the integration between suppliers' batteries and inverters, releasing updated firmwares to clients
- The EMS consists in the combination of dedicated hardware and proprietary software guarantying a complete monitoring and an efficient work of the ESS
- Energy's after-sale services are supported by in house laboratory and data analysis activities better understand the consumer needs and products area of improvement

Engineering & Manufacturing

- Since 2020, Energy developed its own proprietary inverter, EMS and BMS, branded zeroCO₂

zeroCO₂

- By May 2022, Energy's new production and office facilities located near Padua will be operating, allowing to achieve the full-scale production of Extra Large ESS
- Forthcoming partnership with global manufacturer for batteries assembly facility in Italy



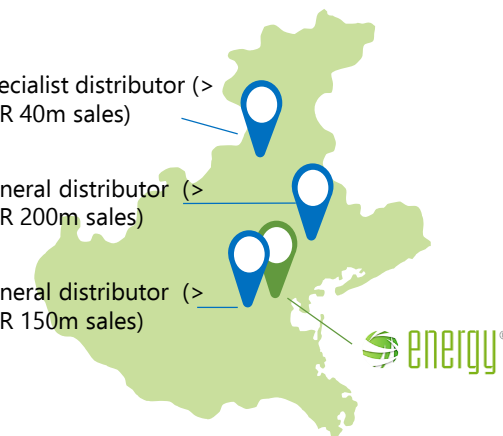
Sales, Marketing & After Sales

- Sale to Distributors (generalist & specialist), Manufacturers, EPC
- Energy's headquarters proximity to main distributors grants a competitive advantage
- Energy's after-sales services:
 - contact center to solve problems in distance
 - In-house laboratory to investigate products defects

Specialist distributor (> EUR 40m sales)

General distributor (> EUR 200m sales)

General distributor (> EUR 150m sales)



STRATEGIC GUIDELINES

Small&Large ESS

Extra Large ESS

1 Supply/ Manufacturing

- Insourcing of small batteries assembly

- Transfer in the new plant +9.000 sqm
- Acquisition of + 17.000 sqm in 2nd H (Eur 1.1m)

- New larger production plant (ongoing)
 - Rack batteries assembly
 - Acquisition of a cloud-computing firm
 - Acquisition of a small carpentry firm

Insourcing of the assembly to strengthen the control of and proximity to the supply chain

2 Go-to-Market

- Shift to large distributors
- Push foreign sales

Marketing and commercial activities in foreign countries

- Targeting multi-flat residential buildings and large industrial and commercial corporations
- Going abroad:
 - Expansion to North America
 - Acquisition of a distributor/integrator in EU
- Downstream integration by the acquisition of an EPC

Retain the Italian market share while expanding export sales

Being the first mover in a segment with still low competition

3 zeroCO₂ Brand

- Push Energy's current branded inverters (zeroCO₂ Small&Large)
- New products jointly developed with key suppliers to be branded zeroCO₂

- Push Energy's branded systems (zeroCO₂ XL)

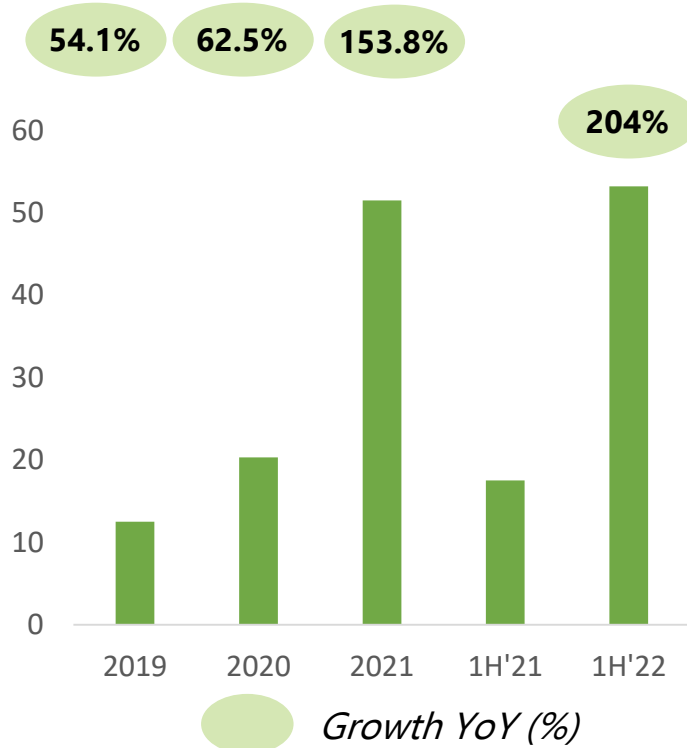
- New products launch (rackable batteries 5KWh, suncharger zeroCO₂ for electrical vehicles)
- Development costs for a new ESS (Eur 0.4 m)

Increase brand and product visibility and awareness to push the demand

ENERGY IS DELIVERING EXCEPTIONAL GROWTH

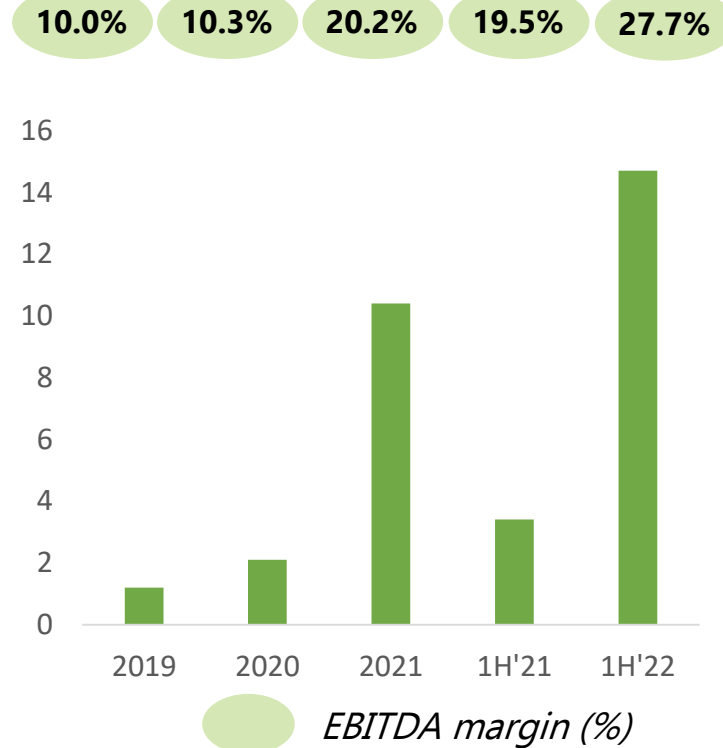
High revenues growth

Revenues (EUR m)



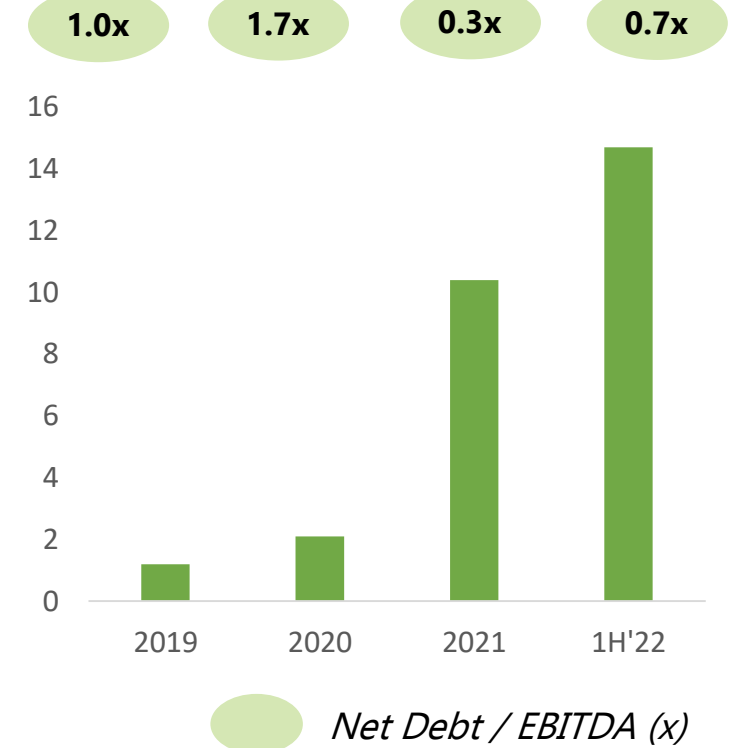
Fast ramp-up in profitability

EBITDA (EUR m)



Solid financial position

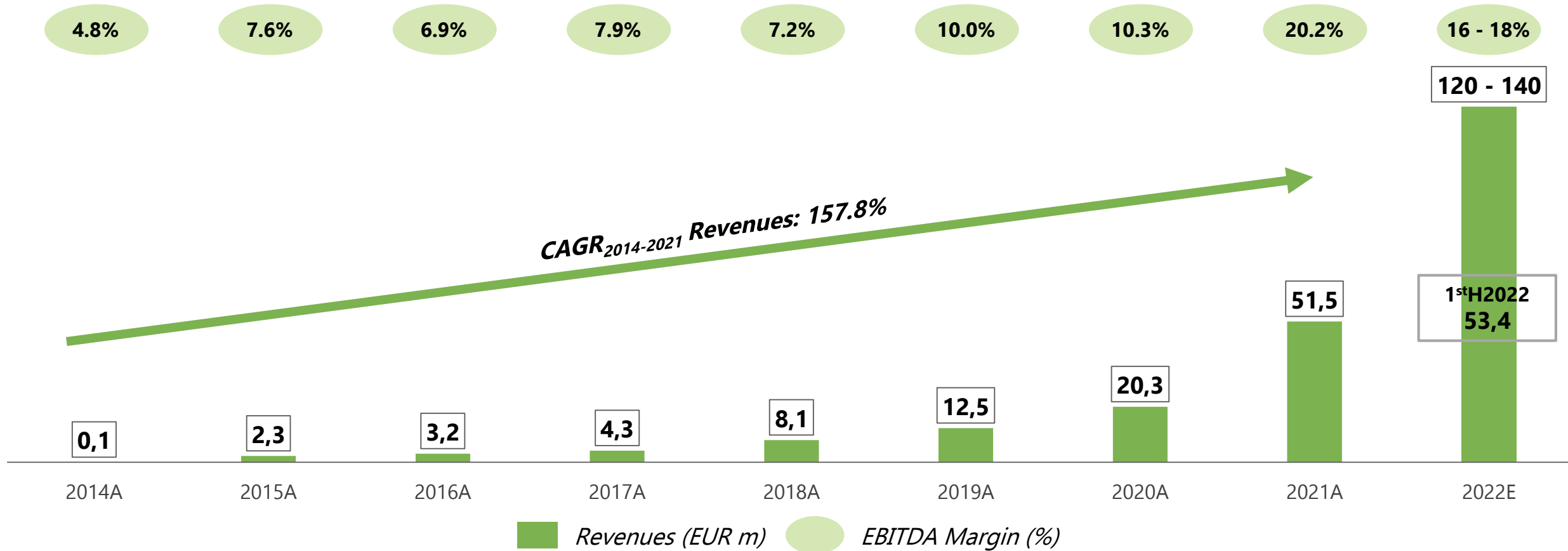
Net Debt (EUR m)



STRONG GROWTH TRACK RECORD...



Energy has shown **an impressive historical growth since its inception both in terms of revenues and profitability; such trend is expected to continue with 2022E revenues growth** in the range between **130% - 170%** (YoY growth vs. 2021A).



GUIDANCE ON 2022E-2024E FINANCIAL RESULTS



	2021	1H 2022	GUIDANCE – 2022E
REVENUES	EUR 52m	EUR 53m	EUR 120 - 140m
BACKLOG		EUR 43,8m* as of 30 th June 2022	
EBITDA MARGIN	20%	28%	16 - 18%

KEY HIGHLIGHTS

- High revenue growth across the business plan period (c. 30% expected CAGR 2022E - 2024E):
 - consolidating the position in the Small&Large ESS segment (shift towards larger clients)
 - targeting the Extra Large ESS segment (a segment with still low competition)
- 1st H 2022 EBITDA margin reflects the transfer on selling price of raw materials' cost spike not totally balanced by the P&L accrued increase of raw materials cost expected in total in 2nd H 2022
- In 2023E and 2024E EBITDA margin is expected to be in line with 2021A margin due to:
 - raw materials price increase transferred to clients
 - cost savings obtained by insourcing the assembly of batteries

* Unaudited

ENERGY: A COMPELLING EQUITY STORY



UNIQUE PRODUCT OFFERING



STRATEGIC MARKET POSITIONING



SOLID AND COMMITTED SUPPLIERS' RELATIONSHIP



ATTRACTIVE STRATEGY



**STRONG FINANCIAL AND GROWTH
PERFORMANCE BEATING MARKET RATES**





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THANKS

APPENDIX



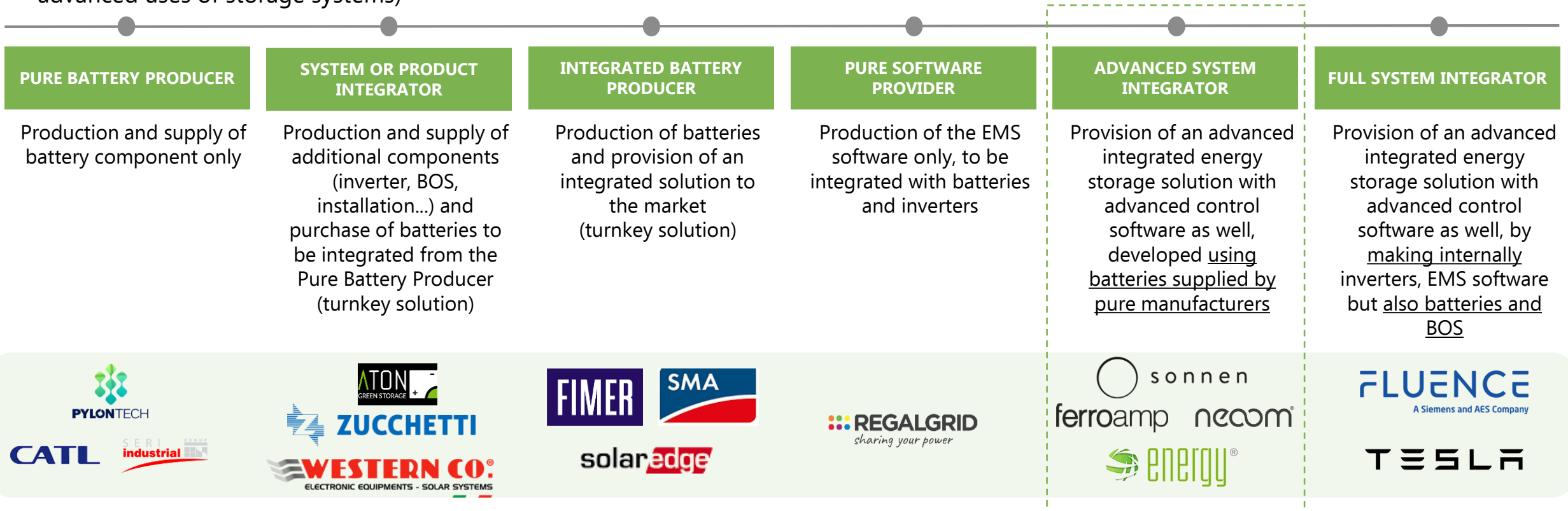
PRODUCT OFFERING

Energy developed a range of inverters, produced according to its specifications by its suppliers, and marketed under its newly established “zeroCO₂” brand

	SMALL&LARGE ESS			EXTRA LARGE ESS
			 	
	ZEROCO₂ SMALL	ZEROCO₂ LARGE	ZEROCO₂ SUN CHARGER	ZEROCO₂ EXTRA LARGE
GENERAL FEATURES	<ul style="list-style-type: none"> Hybrid single-phase inverter Power capacity: 3 kW - 6 kW Retrofit installation: Yes 	<ul style="list-style-type: none"> Hybrid three-phase inverter Power capacity: 6 kW - 10 kW Retrofit installation: Yes Parallelizable <u>up to 10 units</u> (100 kW max) 	<ul style="list-style-type: none"> Single-phase charging wall box Power capacity: 7.3 kW Suitable with all zeroCO₂ products Also works stand-alone with meter (without inverter) 	<ul style="list-style-type: none"> From 30kWh up to multiple MWh PCS power capacity: 30 kW or 60 kW parallelizable <u>up to 10 units</u> (housed in cabinet together with EMS) Retrofit installation: Yes Assemblable also in containers
END-USER	<ul style="list-style-type: none"> Homes 	<ul style="list-style-type: none"> Homes and small condominiums Small C&I 	<ul style="list-style-type: none"> Homes 	<ul style="list-style-type: none"> Smart-grid and Utilities Energy-consuming firms Large-scale C&I Large condominiums
THIRD PARTIES' COMPONENTS	<ul style="list-style-type: none"> Low voltage batteries and inverters 	<ul style="list-style-type: none"> High voltage battery and inverters 		<ul style="list-style-type: none"> Powercube (battery modules + BMS) PCS and EMS hardware Cabinets

POSITIONING

In addition to pure battery manufacturers and pure inverter manufacturers, there are operators able to combine these different products (electronics + batteries) offering the market more and more complete solutions for energy storage (e.g. by adding an advanced control software -EMS- which represents a significant added value allowing to enable advanced uses of storage systems)



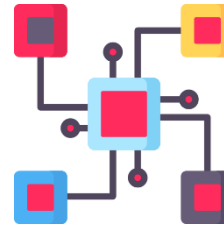
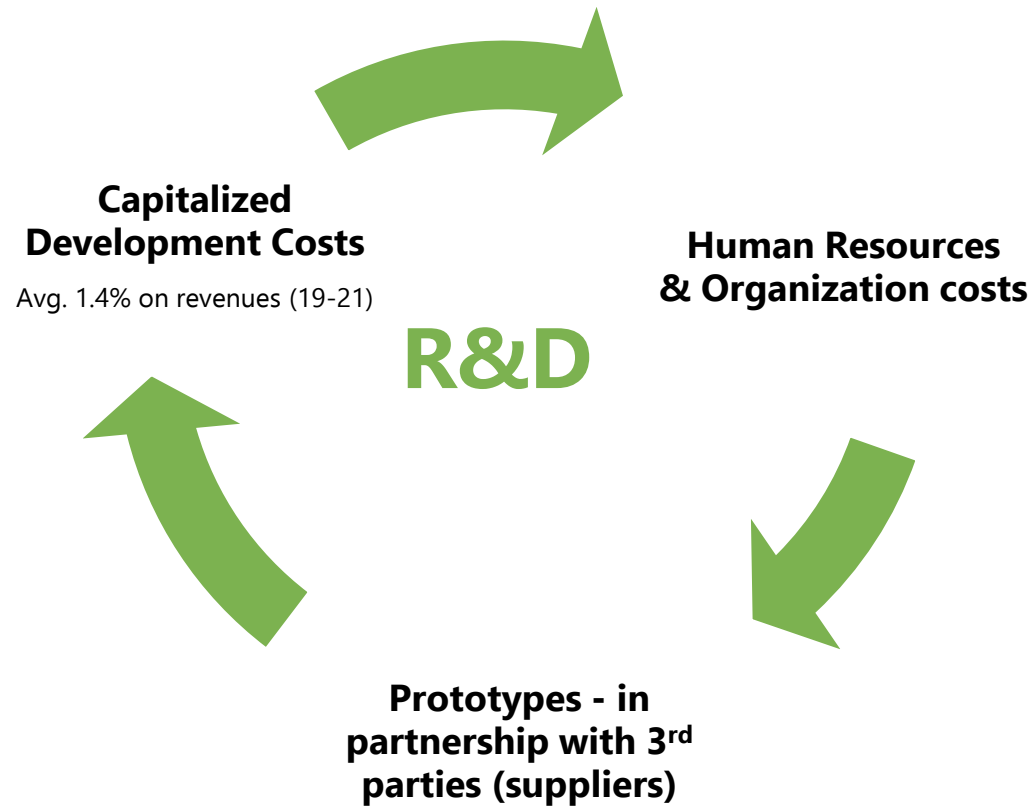
Source: Polytechnic University of Milan, Electricity Market Report

Note: the distribution of each company in the chain is the result of Energy's management evaluation

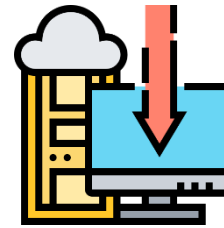
FOCUS ON R&D

The R&D department is at the core of Energy's competitive advantage. Engineers involved in R&D department ensure that all systems are perfectly operational and efficient, innovative and compliant with the regulatory framework

are perfectly operational and efficient,



Technical specifications and system integration
Energy internally designs the technical specifications for the integration of third suppliers' batteries and inverters, ensuring the reliability and efficiency of the overall ESS system



Firmware updates
Energy continuously updates the software and firmware of inverters and ESS, ensuring a perfect functioning and compliance with latest regulations



Products defects investigation
Energy's internal laboratory is able to solve products defects reported by clients and can work directly with suppliers to address any resulting issues

ENERGY MANAGEMENT SYSTEM (EMS)

The **zeroCO2 Energy Management System**, developed internally by Energy, is at the **core of the energy storage systems in the Extra Large solutions**, granting **superior performances** with respect to competitors' products

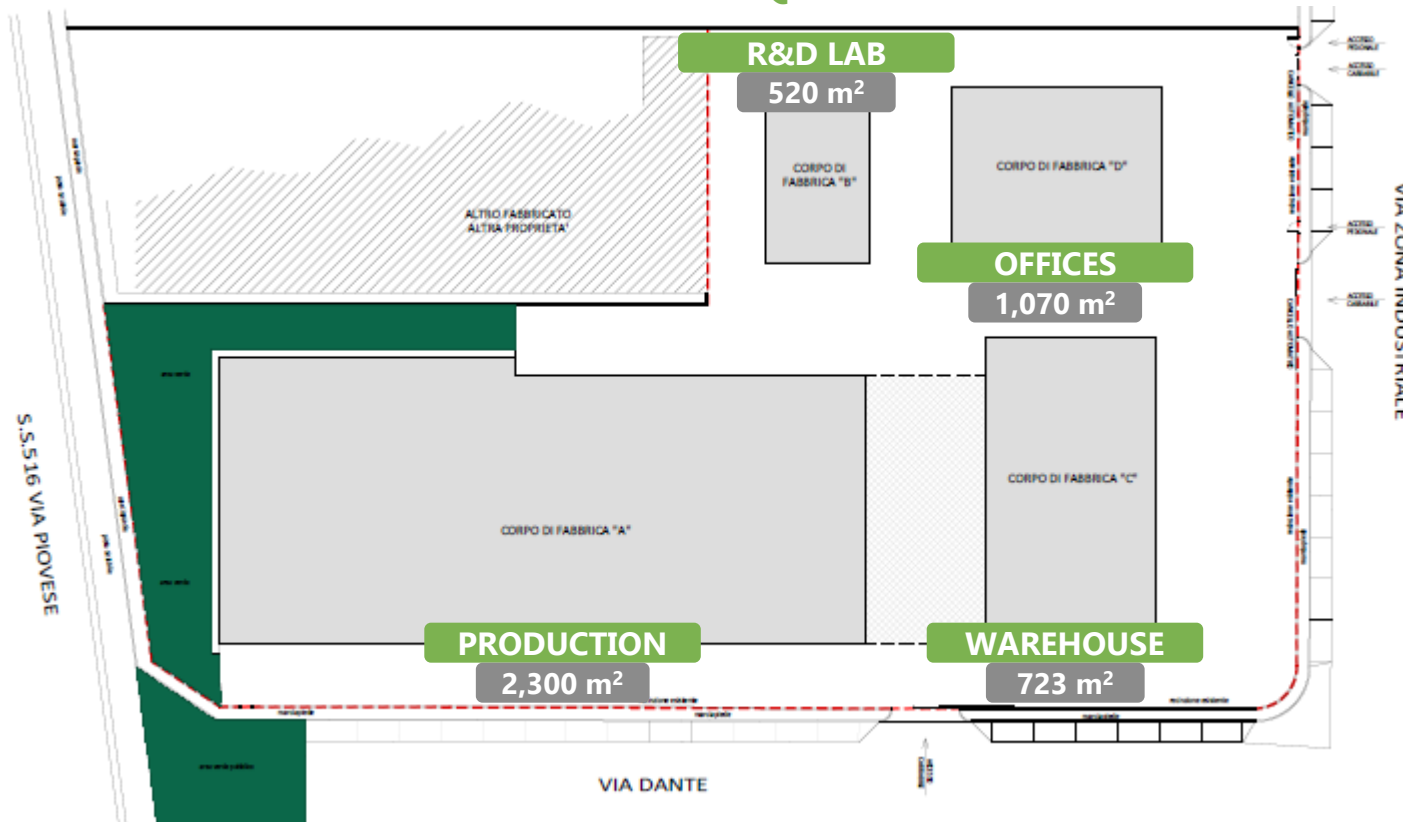
- The EMS is the heart of the XL storage system consisting of the combination of dedicated hardware and a cloud-based proprietary software*
- Energy offers the cloud monitoring service to XL clients who typically pay an extra annual fee for the license (in y2021 up to EUR 10k/client)
- EMS software guarantees a complete monitoring and an efficient work of the ESS thanks to artificial intelligence-based algorithms and allows the system to manage:
 - Maximization of self- consumption
 - Peak shaving management
 - Charging according to a well-defined time schedule
 - Energy trading
- Indeed, Energy has, thanks to ongoing R&D, large room for up-selling in the coming years, offering software updates/add-ons
- Energy is going to develop an EMS for the residential market, granting functionalities that competitors' products do not currently offer:
 - Data collection for solar panels optimization
 - Connect to the electric vehicle charger to optimize and schedule the recharge
 - Optimization of energy communities



FOCUS ON PRODUCTION FACILITIES

By May 2022, Energy's new production and office facilities located near Padua (c. 9,000 m²) will be operating, allowing to achieve the full-scale production of Extra Large ESS. Energy recently acquired an additional production area of 17,415 sqm close to the actual plant for a **total of c. 26,000 sqm**

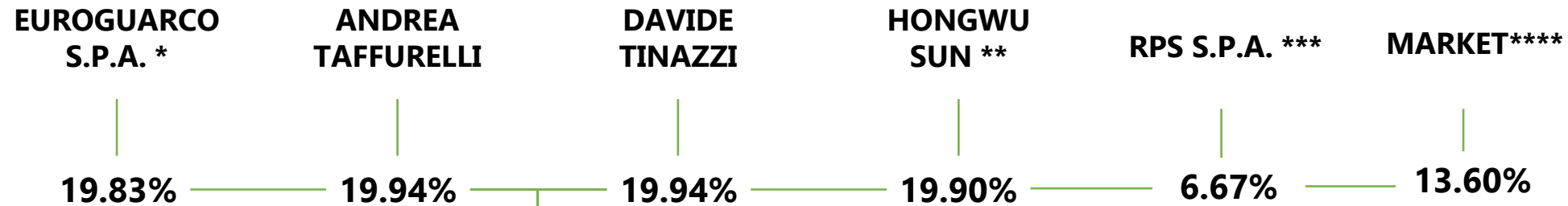
NEW PLANT ACQUIRED



- **Address:** Via dell'Industria 8/10, Sant'Angelo di Piove di Sacco (PD)
- **Features:**
 - **Plant: 9,185 sqm** close to the actual plant for a **total of c. 26,000 sqm**
 - **total area, 4,613 sqm covered**
 - 3,023 sqm production and warehouse
 - 1,070 sqm offices
 - 520 sqm R&D labs
 - Covered truck load/download area
 - Batteries independent warehouse
 - Office room for all company functions
 - Separate building for R&D and testing
 - Two overhead cranes available
 - High power supply available
 - **New Plant acquired: 17,415 sqm total area, 6,000 sqm covered**
 - 4,640 sqm warehouse
 - 1,360 sqm offices
 - 11,415 sqm land
- **Estimated Production capacity (room available):**
 - **Up to 4 MWh/day battery assembly lines** (some 800 batteries/day) by the end of 2023
 - **Up to 60 MWh/year Extra Large ESS systems**

SHAREHOLDING AND GOVERNANCE

Energy was founded in 2013 by **Davide Tinazzi** and **Andrea Taffurelli**, with the financial support of the Ghirlanda family (through their company Euroguarco) and Mrs. Hongwu Sun. All are still shareholders in the Company



- Board of Directors
- A. Granuzzo: Chairman – Independent Director
- D. Tinazzi: CEO
- A. Taffurelli: CTO

- Statutory Auditors: Marco Bernardis, Renato Bogoni, Dante Carolo, Aldo Travain, Inge Bisinella
- Audit Company: 

* Company involved in the manufacturing of gaskets and insulating materials for the oil & gas industry belonging to the Ghirlanda family

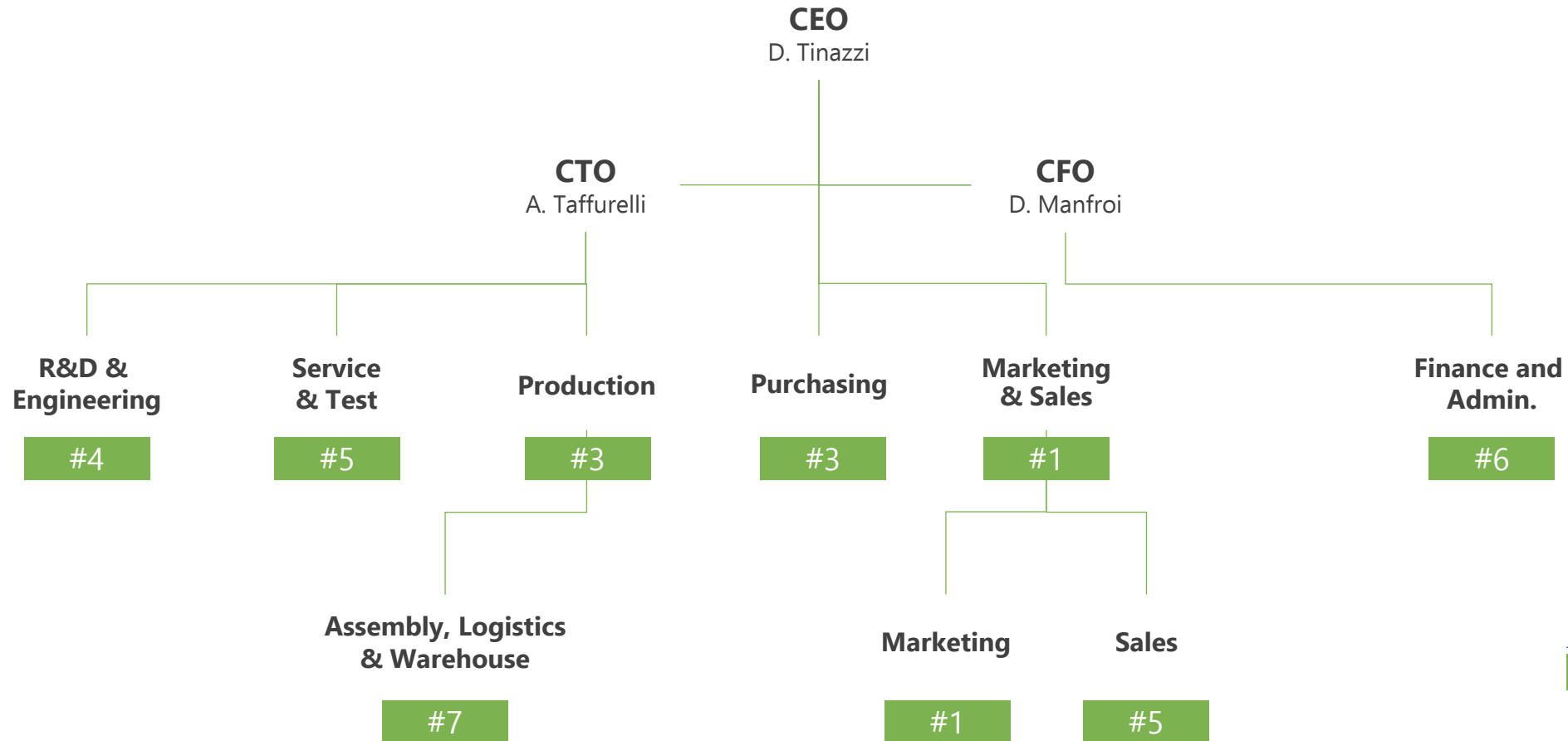
** Chinese businesswoman who introduced Mr. Tinazzi and Taffurelli to the Chinese market in 2013. Her family owns a company involved in the production of expanded graphite

*** Cornerstone Investor

** **the free float considering the 49.900.000 shares admitted to trading is 16,69%

ORGANIZATION

As of 30 th September 2022 Energy had 38 employees
 Since 2021 14 new employees were introduced The staffing continues in accordance with growth



LEGEND
as of 30th Sep. 2022

P&L STATEMENT



P&L (EUR M)*	2019A	%	2020A	%	2021A	%	1 st H2021A	%	1 st H 2022A	%
REVENUES	12.5	100,0%	20.3	100,0%	51.5	100,0%	17.5	100,0%	53.3	100,0%
CAPITALIZED EXPENSES	0.3	2.2%	0.4	1.9%	0.0	0.1%	-	0.0%	-	0.0%
RAW MATERIALS	(9.9)	(79.3%)	(16.2)	(79.7%)	(38.2)	(74.2%)	(12.9)	(73.7%)	(36.1)	(67.7%)
SERVICES COSTS	(1.3)	(10.0%)	(1.8)	(9.0%)	(1.9)	(3.6%)	(0.7)	(4.0%)	(1.7)	(3.1%)
PERSONNEL	(0.5)	(4.1%)	(0.7)	(3.4%)	(1.1)	(2.1%)	(0.5)	(2.8%)	(0.7)	(1.3%)
OTHER INCOME (COSTS)	0.1	1.2%	0.1	0.6%	0.0	0.0%	-	0.0%	-	0.0%
EBITDA	1.2	10.0%	2.1	10.3%	10.4	20.2%	3.4	19.5%	14.8	27.7%
DEPRECIATION AND AMORTIZATION	(0.2)	(1.6%)	(0.3)	(1.2%)	(0.3)	(0.5%)	(0.1)	(0.5%)	(0.1)	(0%)
EBIT	1.1	8.4%	1.8	9.0%	10.1	19.7%	3.3	18.8%	14.6	27.5%
FINANCIAL INCOME / (EXPENSES)	(0.1)	(1.0%)	(0.1)	(0.6%)	(0.2)	(0.3%)	-	0.0%	-	0.0%
EBT	0.9	7.4%	1.7	8.5%	10.0	19.3%	3.2	18.3%	14.6	27.5%
INCOME TAXES	(0.2)	(1.9%)	(0.4)	(1.9%)	(2.6)	(5.0%)	(0.8)	(4.5%)	(3.9)	(7.3%)
NET INCOME	0.7	5.5%	1.3	6.6%	7.4	14.3%	2.4	13.7%	10.7	20.0%

* FY 2021A full audit by KPMG, 1st H 2022A limited review by KPMG

BALANCE SHEET STATEMENT



Balance sheet (EUR M)*	2019A	2020A	2021A	1 st H 2022A
Intangible fixed asset	0.5	0.7	0.5	3.3
Tangible fixed asset	0.0	0.0	0.0	0.2
Financial asset	0.0	0.0	0.1	0.2
Net Fixed asset	0.5	0.7	0.6	3.8
Inventory	1.8	4.8	5.3	8.0
Trade receivables	0.7	2.8	9.7	24.9
Trade payables	(0.5)	(1.4)	(1.7)	(2.3)
Trade NWC	2.1	6.2	13.3	30.7
Other assets	1.0	0.6	3.0	7.1
Other liabilities	(1.0)	(1.3)	(3.9)	(8.0)
Net working capital (NWC)	2.0	5.5	12.4	29.7
Severance indemnity funds and others	(0.1)	(0.2)	(0.3)	(2.8)
Net Invested Capital	2.4	6.0	12.7	30.7
Equity	1.2	2.6	9.9	20.6
Short term debt	2.6	2.5	2.5	11.2
Medium/long term debt	0.1	1.7	2.4	2.1
Cash available	(1.6)	(0.8)	(2.0)	(3.2)
Net Debt	1.2	3.5	2.9	10.1
Total Funds	2.4	6.0	12.7	30.7

* FY 2021A full audit by KPMG, 1st H 2022A limited review by KPMG

CASH FLOW

Cash flow (EUR m)*	2019A	2020A	2021A	1 st H 2022A
EBIT	1.1	1.8	10.1	14.6
Income taxes	(0.2)	(0.4)	(2.6)	(3.8)
Depreciation and amortization	0.2	0.3	0.3	0.1
Change in trade NWC	(0.2)	(4.1)	(7.1)	(17.4)
Change in other assets (liabilities), severance indemnity funds and others	0.1	0.7	0.3	0.1
Operating cash flow	1.0	(1.7)	1.1	(6.4)
Capex**	(0.3)	(0.5)	(0.2)	(0.8)
Cash available for debt service	0.7	(2.2)	0.8	(7.2)
Change in debt	0.8	1.5	0.6	8.4
Financial income / (expenses)	(0.1)	(0.1)	(0.2)	-
Change in Equity	-	0.0	(0.0)	-
Net Cash Flow	1.3	(0.8)	1.2	1.2
Cash BoP	0.3	1.6	0.8	2.0
Net Cash Flow	1.3	(0.8)	1.2	1.2
Cash EoP	1.6	0.8	2.0	3.2

• *FY 2021A full audit by KPMG, 1H 2022A limited review by KPMG

• **CAPEX: preliminary listing costs for Eur c 0.2 million, development of new energy storage systems for Eur c. 0.4 million, security deposit for industrial buildings for Eur c. 0.2 million