

Energy S.p.A.



2023 Half-Year Results
September 27th, 2023

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Today's Speakers



Davide Tinazzi Founder & 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



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

— Agenda

1. Energy at a glance
2. H1 2023 Financial Highlights
3. Strategic achievements and objectives
4. Q&A

ANNEX



1. Energy at a glance

A leading Italian energy storage advanced system integrator



Our Mission



“We 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**, contributing to the **grid stability**”.

10 years of growth and success

Established in 2013, **Energy** is an advanced system integrator of **Energy Storage Systems (ESS)**. 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 C&I.





A compelling Equity Story

Energy S.p.A. || ENY



Attractive business based on global megatrend



Strategic market positioning



Outstanding flexibility in executing and adapting strategic priorities



Unique product offering



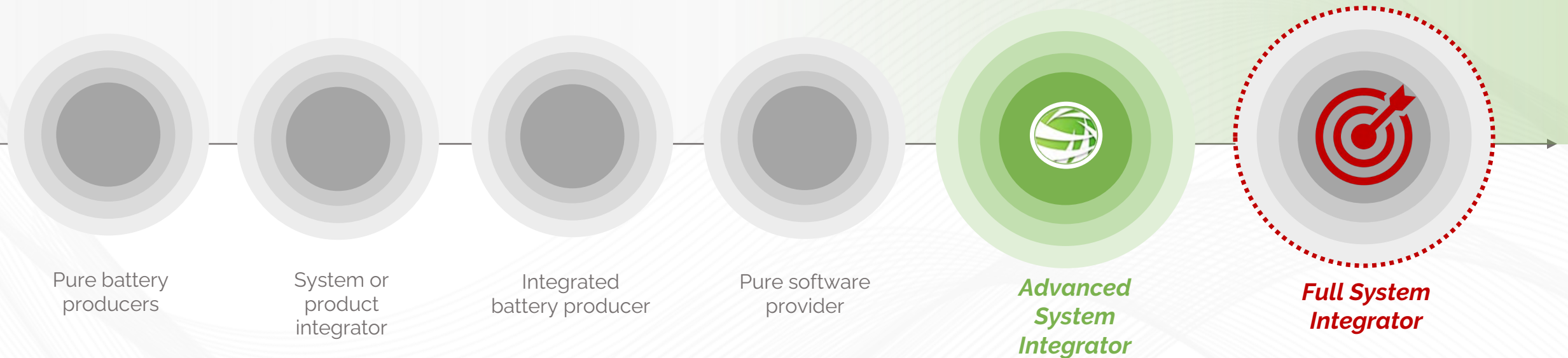
Solid and committed suppliers' relationship



Indisputable management track record

Strategic positioning

Energy has started the process of in-sourcing some strategic production activities of its components, in order to become a full system integrator, controlling a significant part of energy storage systems value chain, **by insourcing the manufacturing of ESS' hardware and software and investing in acquisitions for vertical integration** into the supply chain consistent with the strategy pursued.



Outstanding flexibility in executing and adapting strategic priorities

Energy is vigorously pursuing its development strategy in the energy storage systems market and is ready **to swiftly seize opportunities from the recovery of demand in the residential sector's** and to promptly **meet the product demand of large size installations for the Commercial & Industrial (C&I) segment, for agrivoltaic applications, and for grid services.** The Company accelerated the introduction of new products for large storage installations in Q2, with the strategy that this segment's growth will allow to support company development.

Product offering

1. SMALL&LARGE ESS



Energy sources components from leading international suppliers, combining them with proprietary software and its products, sold under the company's brand "zeroCO₂"

2. EXTRA LARGE ESS



*ESS: Energy Storage System

Value Chain



Energy's key role for suppliers:

- 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

- **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.

- Since 2020, **Energy** developed its **own proprietary inverter, EMS and BMS**, branded zeroCO₂
- The new **Energy's** production and office facilities located near Padua is allowing to achieve the full-scale production of Extra Large ESS
- **JV with Pylontech**

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

2. H1 2023 Financial Highlights

H1 2023 Highlights

The external context had a significant impact on the results, in particular the top-line due to the sudden and unexpected stop to the tax credit transfer mechanism by the Italian Government in February

Revenues

39.3 M
-26% vs 53.3 M
H1 2022

EBITDA

8.5 M
-42% vs 14.8 M
H1 2022
21,8%
margin

Net Financial Position

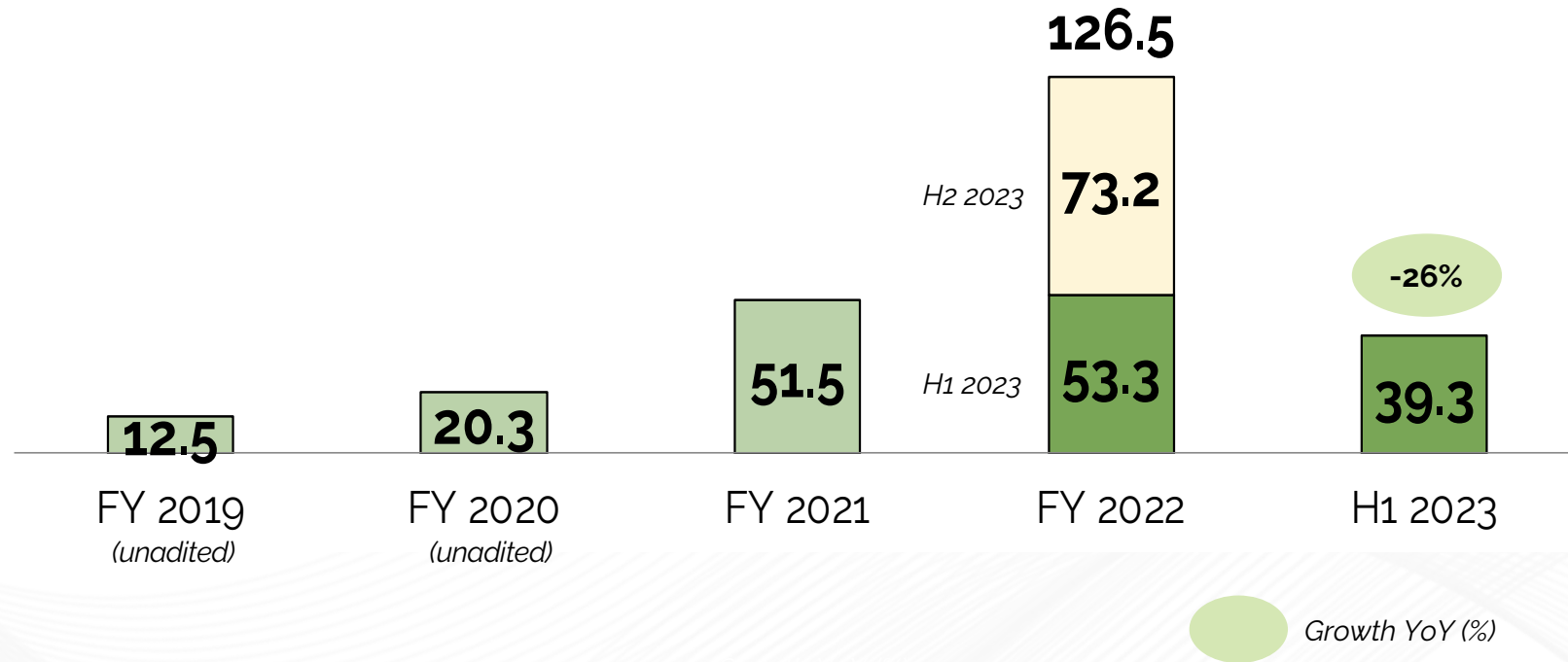
4.6 M
NFP (Debt)
vs 8.2 M FY 2022

Net Income

5.5 M
-49% vs 10.7 M
H1 2022
13,9%
margin

Revenues

The H1 2023 represented a period of slowdown for the company, compared to the trend that has characterized the last years. The external context impacted the top-line results due to the sudden and unexpected stop to **tax credit transfer mechanism** imposed by the Italian Government in February. Revenues therefore fell to €39.3 – due to the collapse in demand starting from March – and experienced a partial recovery from May (after transfer once again became formally available).

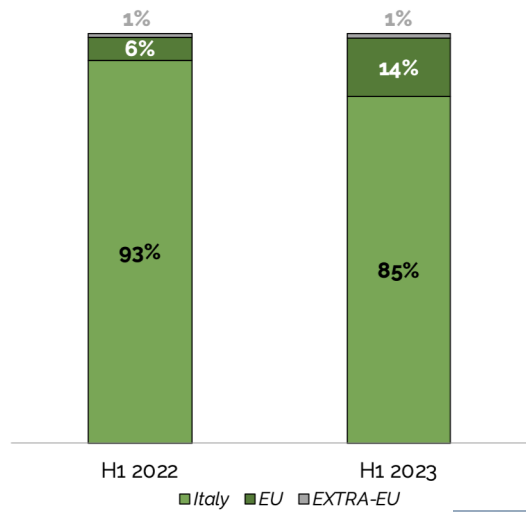


Values in €M

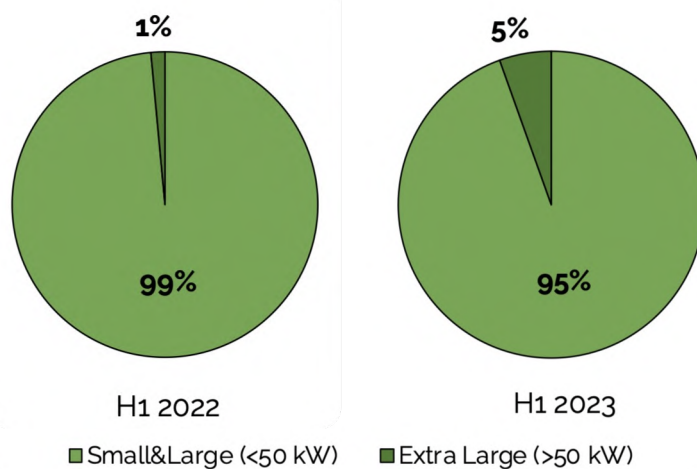
Revenues breakdown

During H1 2023, the company intensified its commercial initiatives on the international markets. The commercial **expansion** of the **Extra Large** product continued significantly, confirming its ever-increasing importance in the sales mix. The relative weight of **VARs** increased to **36%**; **EPCs** remain **steady**.

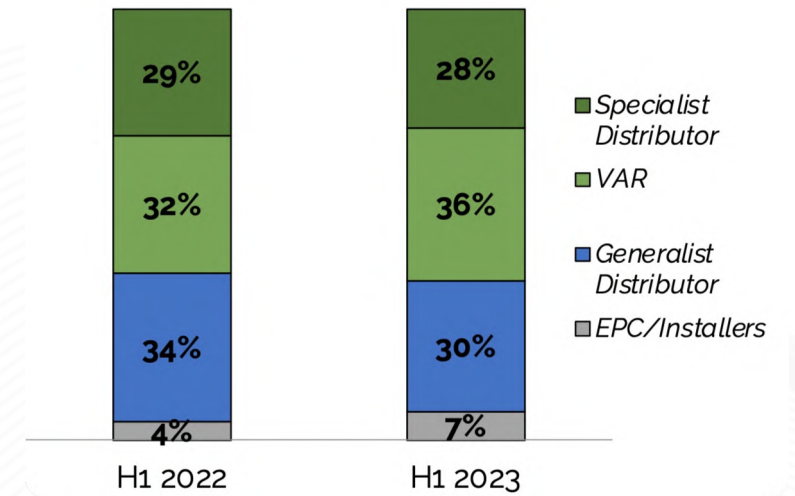
Revenues by Geographic Area



Revenues by Product Category



Revenues by Channel



Systems sold

H1 2022	H1 2023
10.396 ESS sold	7.086 ESS sold
58 MW	37.5 MW

VAR: Value Added Reseller

EPC: Engineering Procurement & Construction

Profitability

Despite the drop in sales, EBITDA margin is in line with expectations. The EBITDA margin stands at 21.8% as a result of: **cost advantage** derived from purchases made early (as early as 2022), an ability to maintain a sufficiently **light structure** and on average **stable pricing policy**. The cost structure benefits from a still limited weight of internal production. Average sales prices recorded an increase of +3% applied at the beginning of the year, as planned; purchases, on the other hand, showed a cost increase of +5% only on some materials.

EBITDA H1 2023

8.5 M

(vs 14.8 M H1 2022)

EBITDA Margin H1 2023

21.8%

(vs 27.7% H1 2022)

EBIT H1 2023

8.0 M

(vs 14.6 M H1 2022)

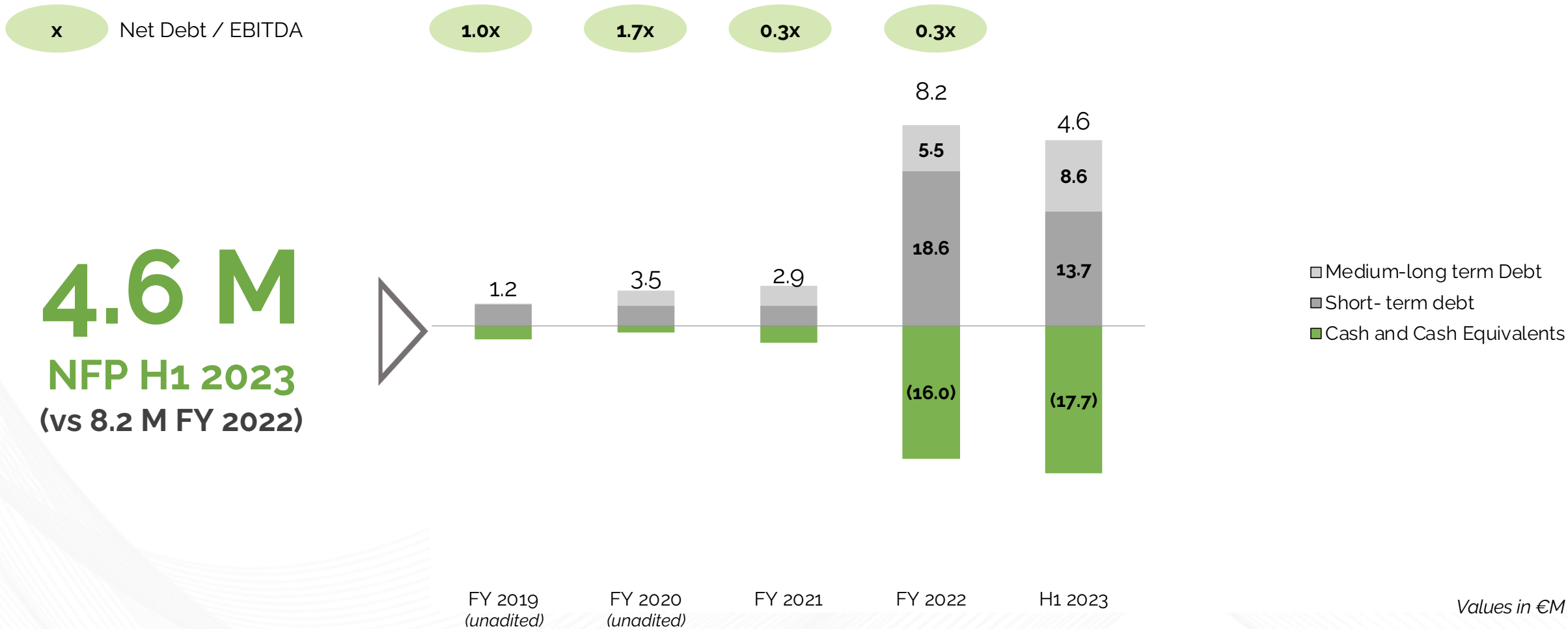
EBIT Margin H1 2023

20.4%

(vs 27.5% H1 2022)

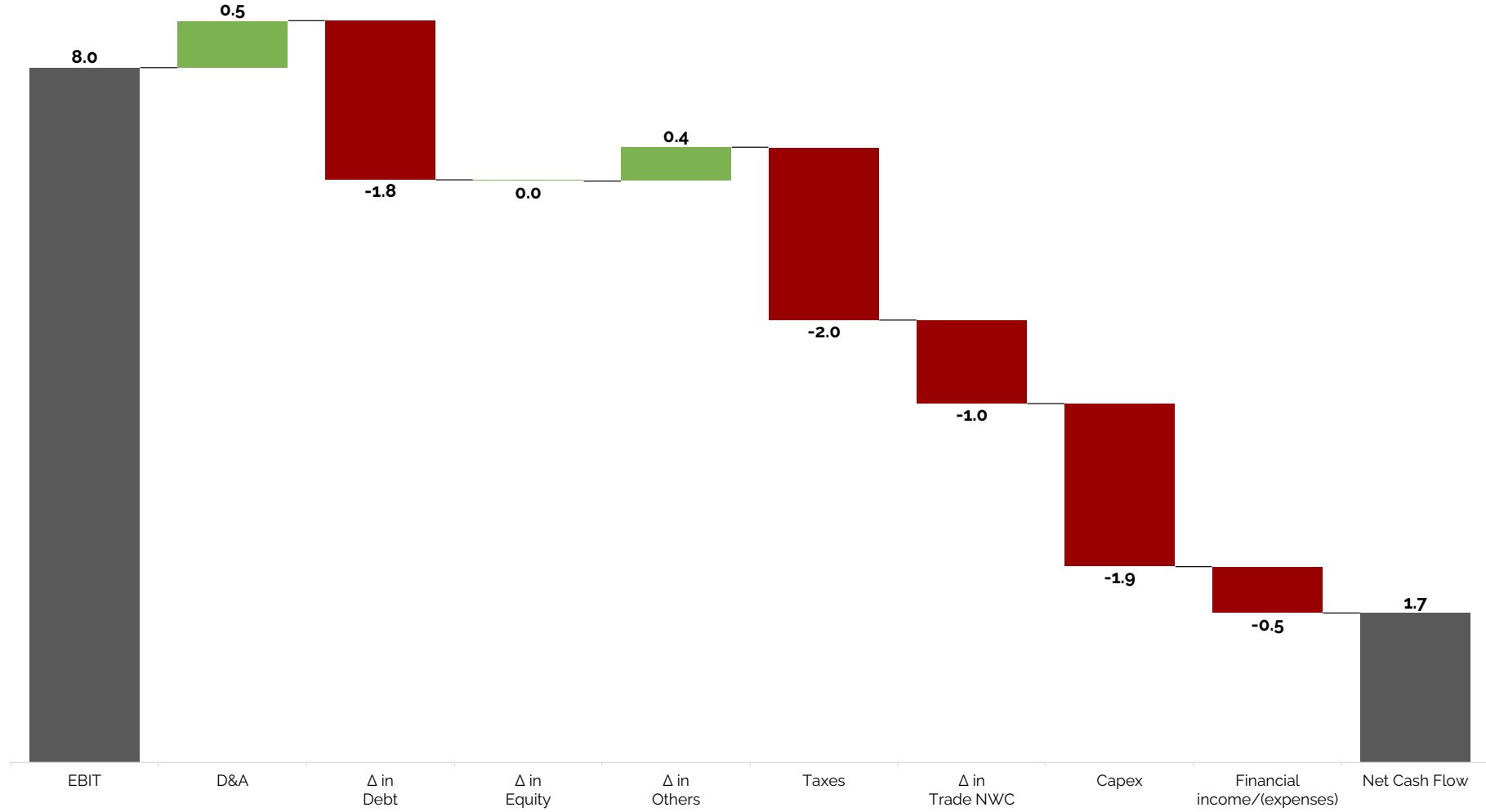
Net Financial Position

The increased debt was necessary in particular to finance working capital and partly for investments in tangible assets.



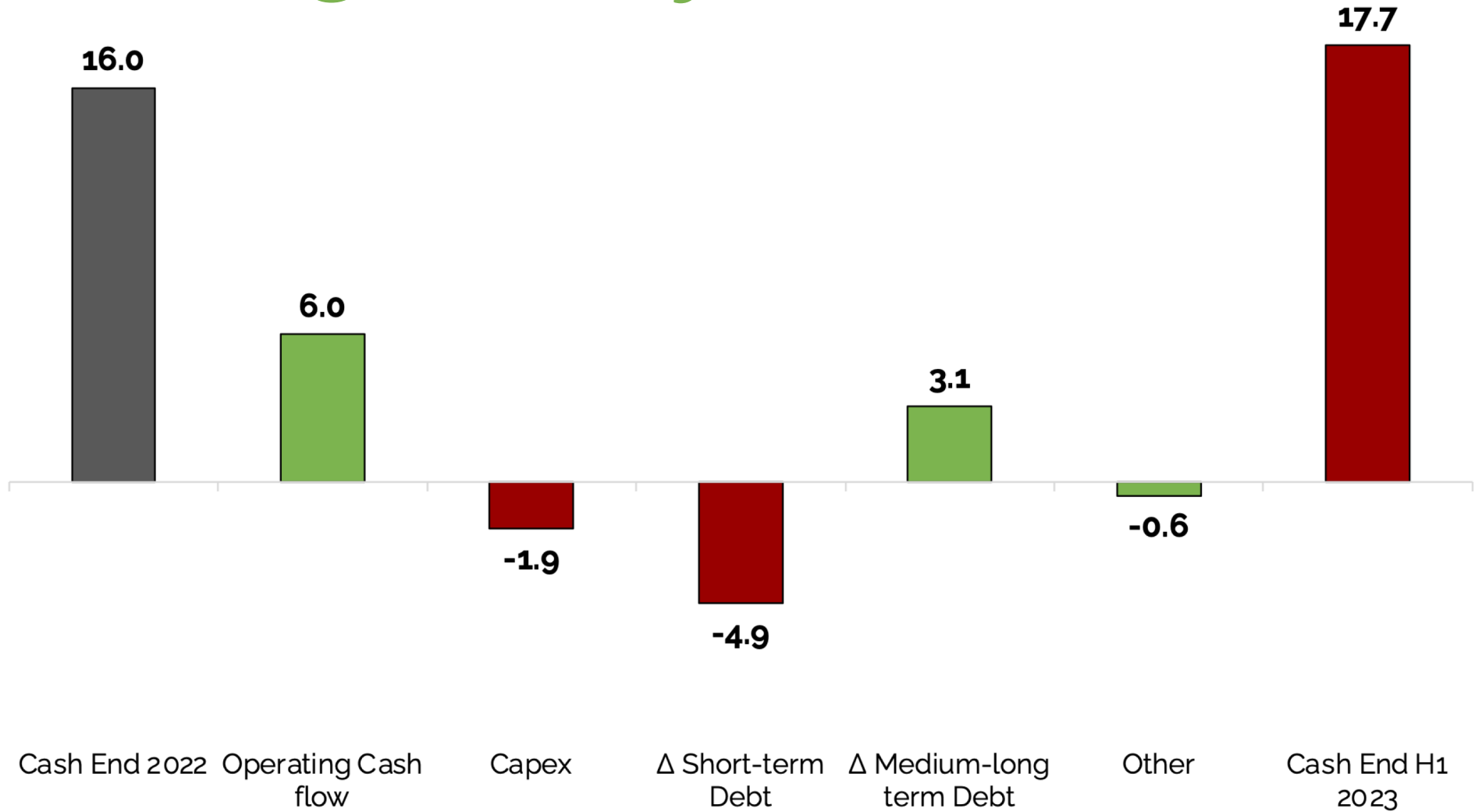
Cash Flow Bridge

The company financed working capital and investments both with operating cash flows generated by management and using bank debt.



Values in €M

Cash Bridge Analysis



Values in €M

3. Strategic achievements and objectives

1 Supply & Manufacturing

2 Go -to-market

3 zero CO₂ brand



Strategies and objectives

1

Supply & Manufacturing

Insourcing and industrialise production phases and pursue strategic M&A

Transfer in the new
plant
9.000 sqm

New space acquisition
+11.000 sqm capacity

+23 people
(Total 54)

Small&Large ESS

- Pilot Plant Shell for batteries assembly from cells completed (to produce 600-800 batteries/day – up to 4 MWh)



Extra Large ESS

- In-house XL systems assembly line completed (targeting 60 MWh/year capacity by end 2023)
- Start of series production of indoor XL ESS branded ZeroCo2



JV for ESS batteries production

*Energy has established a joint venture with **Pylon Technologies Europe Holding B.V.*** to strengthen joint business in the European area through a newly established company "**Pylon LiFeEU**", jointly held by both companies, which will produce and sell lithium batteries in Europe.*



30%

Pylon LiFeEU



70%



**Pylon Technologies Europe Holding B.V.
Dutch registered company fully owned
by Pylon Technologies Co. Ltd*

- The NewCo is headquartered at **Energy's** facilities in Sant'Angelo di Piove di Sacco (PD).
- The facility is dedicated to the production of **Made-in-Italy cobalt-free LFP** (lithium-iron-phosphate) batteries needed to store energy produced from renewable sources, particularly photovoltaic panels.
- With an initial investment of **Euro 10 million**, the first step of the JV's business plan, provides for the construction of a plant, which can reach production capacity of **600-800 pieces per day** (3-4 MWh of storage capacity) by the end of 2023 and will be 10 times higher by the end of 2025.
- The JV is aimed to build a **Gigafactory** to expand multi-functionality with deeper integration and seize the opportunities in the European and US markets, where Energy is already active.



**Energy
to become the
only Italian
company to
manufacture the
energy storage
system and
storage batteries
in-house.**

Strategic acquisition for new opportunities

In **July 2023**, through the newly established **innovative start-up EnergyInCloud S.r.l.**, **Energy** completed the acquisition of **Cloud Computing S.r.l.**'s line of business, a company headquartered in Trento, engaged since 2016 in the **development of software with IoT applications**, to seize new opportunities in the energy transition process.



- The company became operational serving both **Energy's business and third-party clients**
- It will provide advanced services for **remote control and management** of energy production, storage, and consumption systems and related technical assistance
- The new technological entity will be able to seize new opportunities linked to the **Italian "Comunità Energetiche"** ("Energy Communities") and to the **Electric Grid services** (balancing and dispatching)

Energy to become the **only European operator** to have **vertically integrated** various stages of **storage system production** and their connection to the grid, **ensuring data security and privacy** in accordance with European standards.

2

Go-to-market

Further expansion of the distribution model to larger clients and internationalisation.

Consolidation of relationships
Italian Market

Extension of the XL systems'
EU and North America

New Industrial & Commercial clients



Small&Large ESS

- Retain the Italian market share while expanding export sales

Extra Large ESS

- Burning Man in Nevada (US) – Sept 2022: Energy with an ESS of 114 KWh and a power of 18 KW has supplied self-sufficient energy with high safety standards to the Burning Man Event
- XL Energy Storage project for a food industrial producer, first in-factory application, with 240 kW and 1.109 kWh in Italy



3 zero CO₂ brand

Increasing brand visibility

Pushing the brand
awareness

zeroCO₂®

- **Small& Large;**
Stackable systems: product ready, commercial activity started Rackable batteries 5KWh , suncharger zeroCO₂ for electrical vehicles (mono and three-phases)
- **ZeroCo2 XL ESS:** start of series production in the new plant
- Launched the **zeroCO₂ Mobile**, a portable storage system 470 Wh for outdoor activities



4. Q&A



ANNEX

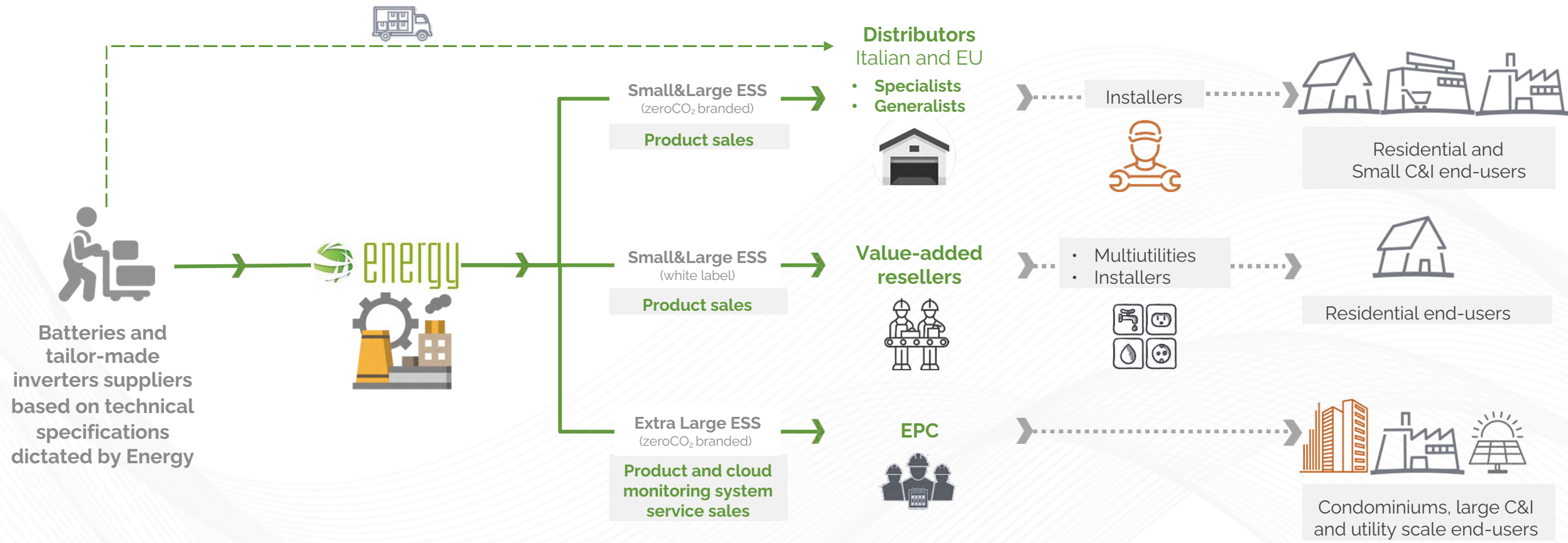
Product offering detailed

Energy sources components from leading international suppliers, **combining them with proprietary software** and its products, sold under the **company's brand "zeroCO₂"**.

	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 <u>Three - phase</u> 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 (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 and small condominiums Small C&I 	<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, <u>including 5 kWh capacity batteries</u> 	<ul style="list-style-type: none"> High voltage batteries 		<ul style="list-style-type: none"> Powercube (battery modules + BMS) PCS and EMS hardware Cabinets

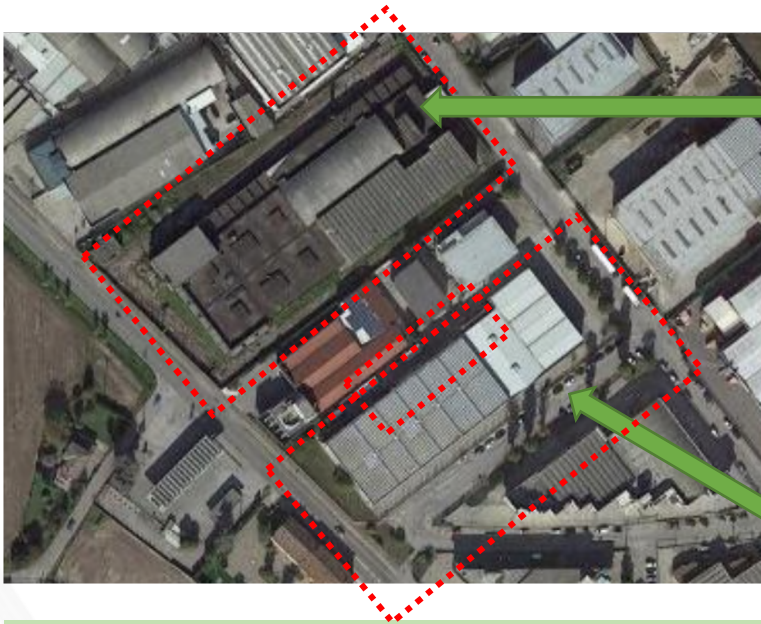
Go-to-market

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.



Production facilities

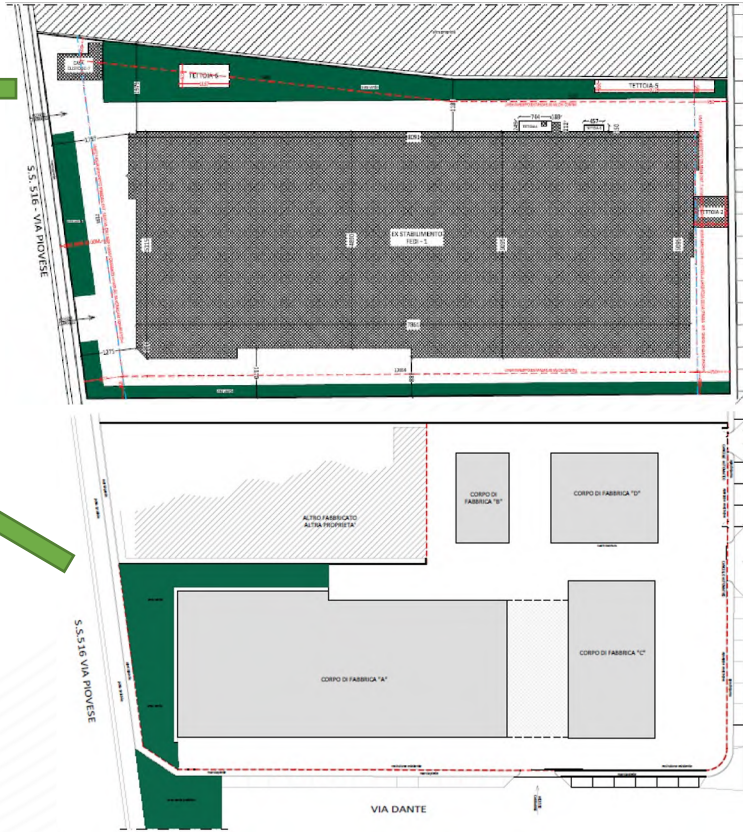
*Energy's new production and office facilities located near Padua (c. 9,000 sqm) allow to achieve the full-scale production of Extra Large ESS. In H2 2022, Energy acquired an additional production area of 11,000 m sqm close to the existing plant for a **total of c. 20,000 sqm***



TARGET PRODUCTION CAPACITY

Small & Large: up to 4MWh/year (600-800 batteries/day)

Extra Large: up to 60 MWh/year by end of 2023



Neighbouring area acquired Sept 2022:
11,000 sqm total area, 6,000 sqm covered

- **Address:** Via dell'Industria 8/10, Sant'Angelo di Piove di Sacco (PD)
- **Current main area (accessed May 2022):**
 - **Plant:** 9,185 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

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.

Shareholding	N. Shares	N. PAS	Tot. Shares	% on share capital
Elmagi s.r.l. [1]	10.403.534	1.899.792	12.303.326	20.01%
Freman Holding s.r.l. [2]	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	6.78%
Mercato****	8.384.462	-	8.384.462	13.64%
Total	53.907.926	7.584.000	61.491.926	100.0%

- 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: 

[1] Company owned by Davide Tinazzi, Chief Executive Officer of Energy S.p.A.

[2] Company owned by Andrea Taffurelli, Senior Director of Energy S.p.A.

* 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

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

*** Cornerstone Investor

****the free float considering the 53.907.926 shares admitted to trading is 15,55%.

P&L Statement

P&L (EUR M)*	1 st H 2023A	%	1 st H 2022A	%	Δ% YoY	2022A	%
REVENUES	39.3	100.0%	53.3	100.0%	-26.3%	126.5	100.0%
CAPITALIZED EXPENSES	0.5	1.1%	-	0.0%	-	0.4	0.3%
OTHER REVENUES AND INCOME	0.4	1.0%	0.1	0.3%	<i>n.m.</i>	0.4	0.3%
RAW MATERIALS	(27.0)	-68.8%	(36.1)	-67.7%	-25.1%	(87.1)	(68.9%)
SERVICES COSTS	(3.0)	-7.5%	(1.7)	-3.2%	73.5%	(5.8)	(4.6%)
PERSONNEL	(1.2)	-3.2%	(0.7)	-1.3%	77.9%	(1.9)	(1.5%)
OTHER COSTS	(0.4)	-0.9%	(0.1)	-0.2%	<i>n.m.</i>	(0.3)	(0.2%)
EBITDA	8.5	21.8%	14.8	27.8%	-42.3%	32.2	25.4%
DEPRECIATION AND AMORTIZATION	(0.5)	-1.4%	(0.1)	-0.2%	<i>n.m.</i>	(0.6)	(0.5%)
EBIT	8.0	20.4%	14.6	27.4%	-45.2%	31.6	25.0%
FINANCIAL INCOME / (EXPENSES)	(0.5)	-1.4%	(0.1)	-0.1%	<i>n.m.</i>	(0.6)	(0.5%)
EBT	7.5	19.0%	14.6	27.4%	-48.8%	31.0	24.5%
INCOME TAXES	(2.0)	-5.1%	(3.9)	-7.3%	-48.8%	(8.4)	(6.6%)
NET INCOME	5.5	13.9%	10.7	20.1%	-48.9%	22.6	17.9%

*1st H 2022A and 1st H 2023A limited audited data. 2022A full audit

Balance Sheet

Balance sheet (EUR M)*	1st H 2023A	2022A	Δ%
Intangible fixed asset	4.3	4.3	-1.4%
Tangible fixed asset	2.9	1.6	82.5%
Financial asset	0.2	0.2	44.2%
Net Fixed asset	7.4	6.1	22.0%
Inventory	78.8	61.3	28.5%
Trade receivables	10.4	23.1	-54.8%
Trade payables	(19.5)	(15.6)	24.8%
Trade NWC	69.7	68.8	1.4%
Other assets	1.6	0.3	n.m.
Other liabilities	(8.5)	(6.8)	25.0%
Net working capital (NWC)	62.9	62.3	1.0%
Severance indemnity funds and others	(0.3)	(0.3)	11.3%
Net Invested Capital	70.0	68.1	2.8%
Equity	65.4	59.9	9.1%
Short term debt	13.7	18.6	-26.3%
Medium/long term debt	8.6	5.5	n.m.
Cash available	(17.7)	(16.0)	10.8%
Net Debt	4.6	8.2	-43.5%
Total Funds	70.0	68.1	2.8%

*1st H 2023A limited audited data. 2022A full audit

Cash Flow

Cash flow (EUR M)*	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 NW/C	(1.0)	(54.1)	n.m.
Change in other assets (liabilities). Severance indemnity funds and others	0.4	4.2	-90.6%
Operating cash flow	6.0	(26.1)	n.m.
Capex**	(1.9)	(6.0)	-68.9%
Cash available for debt service	4.1	(32.2)	n.m.
Change in debt	(1.8)	19.3	n.m.
Financial income / (expenses)	(0.5)	(0.6)	-8.7%
Change in Equity	(0.0)	27.4	n.m.
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

*1st H 2023A limited audited data. 2022A full audit

THANK YOU!



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