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Oggetto : The BoD reviews the preliminary results
1H23 and outlines he expectations for 2023

<p><i>Testo del comunicato</i></p>

Vedi allegato.

PRESS RELEASE - ENERGY S.P.A.

Energy S.p.A.: Board of Directors reviews preliminary results for the First Half of 2023 and order backlog visibility, outlining business expectations for 2023

For the second half of 2023, a recovery in the residential segment and an acceleration in the Commercial & Industrial segment in the European market are expected, driven by the introduction of new products.

- *In Q2 there was a significant liquidity crisis among end customers and installers due to a 74-day stop of the "tax credit mechanism" for all types of incentive schemes*
- *Weekly recovery evidence reflecting gradual return of liquidity in the supply chain*
- *Main customers maintain positive estimates for the second half of 2023. Annual supply contracts confirmed and updated*
- *For the second half of 2023 a recovery in the residential segment is expected, together with growth in the Commercial & Industrial segment in the Italian and European markets*
- *Revenues at the end of 2023 are expected to be close to the previous year, supported by a gradual recovery trend in the residential segment and by the acceleration in large installations*
- *Significant and imminent new opportunities from agrivoltaics, from the enabling of storage systems for grid services (dispatch, balancing) and from the "Comunità Energetiche" (Energy Communities)*

S. Angelo di Piove di Sacco (Padua), July 19th, 2023 - The Board of Directors of **Energy S.p.A.**, an integrated energy storage systems producer ("**Energy**" or the "**Company**"), listed on the Euronext Growth Milan market (**ISIN code IT0005500712, Ticker ENY**), which has met today, reviewed the unaudited **preliminary financial results as of June 30th, 2023**, (referring to sales revenue, EBITDA margin and order backlog) and shared the revenue expectations for the end of the year based on the order backlog and the latest commercial visibility, gathered after a discussion both with the commercial network and with major clients.

As previously communicated,¹ as of June 30th, 2023, Energy's sales revenue amounted to approximately Euro 39 million, compared to Euro 53.3 million in the previous year. The order backlog consists of Euro 6.5 million (compared to Euro 43.8 million on June 30th, 2022, 70% of which was although unfulfilled backlog from 2021 due to material goods shortages). The EBITDA margin for the first half of 2023 is approximately 20%, in line with expectations and with targets declared at IPO.

The commercial visibility for the remaining part of 2023 is currently supported **by three different factors**:

- **The order backlog**, which amounted to Euro 6.5 million as of June 30th, 2023, covering deliveries to be carried out only in the few following working weeks. It mainly consists of residential product supplies already available on the shelf. A growth on the weekly trend of incoming orders is to be expected, due to improved liquidity in the supply chain resulting from the gradual restoration of the incentive mechanism based on tax credits.
- **The annual agreements** confirmed and updated by main customers in early July, including expected volume targets and corresponding bonuses.

¹ Please refer to the press release of July 4th, 2023, available on Energy's website, at the following link:
https://www.energysynt.com/file/2023/07/20230704_PR_Energy_Preliminary_Eng.pdf



- **The expected receiving of orders related to Commercial & Industrial products**, as result of the technical product development, the sales propulsion, and the setup of production capacity

Analyzing the trend of demand, despite the slowdown experienced since February 17th due to the government decree locking the assignment of tax credits, and after several announcements about the mechanism restart (which only occurred on May 2nd), evidence of recovery started to appear in May and June, followed by a gradual market acceleration and, therefore, upswing.

From a strategic perspective, 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 revenues in the second half of the year.

Regarding EBITDA, Energy managed to maintain a 20% EBITDA margin in line with expectations, thanks to **prudent procurement policies**.

In consideration of these factors and expectations, **Energy's management believes that the Company can achieve 2023 revenues in line with the previous year, with an EBITDA margin of 20%**. Furthermore, due to the opening of grid service markets to storage systems, primary strategic research firms predict **significant growth in the large-scale energy storage market in 2024**. Therefore, Energy confirms the targets for 2024 declared to the market at IPO (2022-2024 revenue CAGR of 30% and EBITDA margin of 20%).

Comment on the dynamics observed during the period and future prospects

Energy started 2023 with growth rates exceeding expectations for the first 45 days, until mid-February. However, the unexpected government decree locking the assignment of tax credits as a payment method caused a liquidity shortage downstream from mid-February to early May 2023. This decree primarily impacted on installers, whose limited financial capacity didn't allow the installation of energy production systems from photovoltaic, including residential storage systems. Distributors subsequently took measures to mitigate financial risk.

For Energy, this liquidity shortage led to a gradual revenues slowdown during the period and a temporary contraction of the order backlog. Currently, the visibility is halved compared to the norm for the segment..

After the resumption of the tax credit assignment system in early May, there was a gradual recovery in the market. **Commercial agreements defined at the beginning of the year with customers were confirmed and updated**, indicating confidence in the sector's recovery even though with a higher frequency of order conversion, but with smaller volumes, due to a more cautious approach from distributors. Nonetheless, **there is an improved sentiment for the second half of the year**.

Regarding the **Commercial & Industrial (C&I) business category**, the Company successfully attended two major international trade fairs in May and June 2023, achieving **positive results in terms of initiating commercial negotiations both in the domestic and European markets**. Based on these prospects, the management believes that **the C&I segment will significantly contribute to the expected revenues for 2023**, progressively balancing

the residential business line, in coherence with the industrial plan. Additionally, there are new opportunities in the agrivoltaics sector and the dispatch market for storage systems.

The preliminary results related to the first half of 2023, unaudited, will be released to the market in accordance with the Euronext Growth Milan Issuer Regulations, following the approval of the half-yearly report as of June 30th, 2023, by the Company's Board of Directors. The Board meeting is scheduled for September 27th 2023.

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

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 system leader for both residential and large-scale applications sectors. 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. Sales revenues of Euro 126.5 million are reported for 2022. www.energysynt.com

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