

Informazione Regolamentata n. 20263-6-2024	Data/Ora Inizio Diffusione 26 Marzo 2024 20:10:45	Euronext Growth Milan
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Societa' : ENERGY S.p.A.

Identificativo Informazione
Regolamentata : 188029

Utenza - Referente : ENERGIN01 - Tinazzi

Tipologia : 1.1

Data/Ora Ricezione : 26 Marzo 2024 20:10:45

Data/Ora Inizio Diffusione : 26 Marzo 2024 20:10:45

Oggetto : Board of Directors approves the 2023 separate
financial statements

Testo del comunicato

Vedi allegato



PRESS RELEASE

Energy S.p.A., Board of Directors approves the 2023 separate financial statements Double-digit margin (16%) and positive Net Financial Position

Energy S.p.A. in 2023 returned:

- **Sales revenues:** Euro 63.3 million, compared to Euro 126.5 million in 2022;
- **EBITDA:** Euro 10.1 million, compared to Euro 32.2 million in 2022, with a margin of 16% (25.4% in 2022);
- **Net Profit:** Euro 5.6 million, compared to Euro 22.6 million in 2022;
- **Net Financial Debt** of Euro -0.2 million (cash position), compared to a debt of Euro 8.2 million at December 31, 2022
- **Shareholders' Equity:** Euro 65.5 million, compared to Euro 59.9 million at December 31, 2022

Sant'Angelo di Piove di Sacco (Padua), March 26, 2024 - The Board of Directors of **Energy S.p.A. ("Company" or "Energy")**, a leading Italian renewable energy storage systems (ESS, Energy Storage System) enterprise, listed on the Euronext Growth Milan market (ISIN Code **IT0005500712**, Ticker **ENY**), in a meeting chaired today by Alessandro Granuzzo, reviewed and approved the 2023 separate financial statements, drawn up as per Italian GAAP.

Revenues decreased in the year and, for the first time since its foundation in 2013, the company's consolidated growth has been interrupted by a slowdown due to sudden and unexpected changes to the Group's marketplace. *"2023 was a unique year in the company's history thus far. It was a year of economic uncertainty, also caused by the challenging European and global geopolitical situation"*, stated **Energy S.p.A.'s CEO, Davide Tinazzi**. *"The company was not unprepared and reacted to the demand shock, caused by rates, and inflation, by investing more in XL sized storage systems for the Commercial, Industrial and Agrivoltaic segment. However, the reduction in revenues did not affect the Company's ability to meet its commitments and continue investments. The year 2024 is shaping up to be a year of transition, for the residential market and especially for the new market of Extra-Large products that the Company is developing as a first-mover. Therefore, also in light of market developments, the Company once again considers it appropriate to continue pursuing the strategies previously outlined"*.

The 2023 key financial highlights (compared with 2022) are presented below.

OPERATING PERFORMANCE

2023 saw a contraction in revenues (Euro 63.3 million), as a combined effect of a number of significant events in Europe, partly impacted by the geopolitical situation: i) the increase in interest rates; ii) the significant rise in inflation; iii) the considerable decline in the average price of energy. We add to this, for Italy, the end of the transfer of tax credits on February 17, 2023, whose reintroduction through a different method on May 2, 2023 had a mild effect on the market. This situation has led to a significant and sudden reduction in available liquidity in the renewables supply chain, the consequent reduction in demand and a brake on new investments in energy technologies, especially in the residential sector. The Company has reacted to this demand shock by investing more in Storage Systems offerings for the Commercial, Industrial and Agrivoltaic sectors (Extra Large or XL range), and in cloud computing, while not neglecting the residential market customer portfolio. Margins in the year reduced on 2022, with EBITDA at 16%, mainly due to the sales volumes effect. The cost structure is basically in line with that outlined in the half-year report, with no particular deviations.

REVENUES BY REGION

Italian revenues were again the main component in 2023 (77%), while overseas revenues (EU and non-EU amounted to Euro 14.9 million (23%), i.e. +8% in relative terms compared to 2022).

	31/12/2023	%	31/12/2022	%	cge.	cge. %
Revenues Italy	48,922,170	77%	107,296,780	85%	- 58,374,610	-54%
Revenues EU	13,994,270	22%	18,270,628	14%	- 4,276,359	-23%
Revenues Non-EU	921,008	1%	882,770	1%	29,239	3%

SALES REVENUE BY PRODUCT CATEGORY

Despite the market environment, the commercial expansion of the “Extra Large” (XL) product continued, maintaining at 2022 levels (Euro 4.2 million), with sales both to existing and newly acquired customers. At December 31, 2023, there are 42 zero CO₂ XL systems registered and connected, of which 25 in 2023 alone. The installations cover Commercial, Industrial and Agrivoltaic applications.

	31/12/2023	%	31/12/2022	%	cge.	cge. %
Small&Large (<50 kW)	59,672,779	93%	122,234,784	97%	-62.562.006	51,2%
Extra Large (>50 kW)	4,155,670	7%	4,215,394	3%	-59.725	-1,4%

SALES REVENUES BY CHANNEL

In terms of customer type, we report in 2023 a substantial equal weighting between the three main channels, i.e. VAR revenues (32%), General distribution (31%) and Specialists distribution (27%). On the other hand however, the EPC (Engineering Procurement & Construction) share significantly increased from 5% to 10%, mainly thanks to the increased share of sales of Extra Large products, which are the main target market and find their natural outlet in this channel.

	31/12/2023	%	31/12/2022	%	cge.	cge. %
VAR	20,281,907	32%	40,482,220	32%	- 20,200,313	-50%



General distributor	20,014,662	31%	38,591,722	31%	- 18,577,059	-48%
Specialist distributor	16,889,026	27%	41,524,605	33%	- 24,635,579	-59%
EPC / Other	6,642,853	10%	5,851,631	5%	791,222	14%

NUMBER OF STORAGE SYSTEMS SOLD AND TOTAL CAPACITY

In 2023, the Company sold 8,981 storage systems (18,851 storage systems sold in 2022), totaling 48 MW of power, compared to 104 MW in 2022.

	FY 2023	FY 2022
Number of systems sold	8,981	18,851
Total capacity	48 MW	104 MW
Cumulative number of systems sold	> 62,000	> 53,000

EBITDA was Euro 10.1 million compared to Euro 32.2 million in 2022, with a margin of 16% (25.4% in 2022).

EBIT was Euro 8.9 million (14% margin) compared to Euro 31.6 million in 2022 (25% margin).

The company's **profit before taxes** was Euro 7.5 million (12% margin), decreasing on 2022 (Euro 31 million and a 24.5% margin).

Finally, the **Net profit** was Euro 5.6 million (Euro 22.6 million in 2022).

EQUITY AND FINANCIAL OVERVIEW

Fixed assets in 2023 increased significantly on the previous year to Euro 13.2 million. This increase was mainly in line with investments of Euro 7.3 million. Property, plant and equipment includes investment in the new building under construction on the land adjacent to the headquarters, battery assembly line machinery, equipment, and furniture. Intangible assets amounted to Euro 4.8 million. Intangibles include the EGM listing costs for Euro 3.1 million (historic cost) and development costs for Euro 1.7 million, in addition to costs for work on the rent-to-buy property currently in use and subject to a rental contract in 2023. **Financial fixed assets** of Euro 1.2 million include investments in subsidiaries and associates, receivables for security deposits and the receivable for the payment on account for property purchases (buy option on the headquarters).

Capex totalled Euro 7.2 million (Euro 5.4 million in 2022) and include: development costs (Euro 1.2 million), construction and equipping of the battery department of the existing headquarters, the construction of the new adjacent building (Euro 1.6 million) and the investments in the companies Pylon LifeEU s.r.l. and Energyincloud s.r.l. (Euro 0.9 million).

Commercial working capital amounted to Euro 51.2 million at December 31, 2023 (Euro 68.8 million at December 31, 2022), mainly comprising **inventories** for Euro 56.4 million (Euro 61.3 million at December 31, 2022), **trade receivables** for Euro 4.6 million (Euro 23.1 million at December 31, 2022) and **trade payables** for Euro 9.9 million (Euro 15.6 million at December 31, 2022). This amount



reduced 26% on the end of 2022, due to the reduction in business volumes and the utilisation of inventories. The reduction in trade receivables and payables compared to 31/12/2022 is due to the lower volumes in the period.

Net working capital at December 31, 2022 was Euro 62.3 million, while amounting to Euro 52.3 million at December 31, 2023. The reduction is a result of the factors outlined above.

Tax payables (-Euro 1.9 million) in fact report a **receivable** balance as reducing on 31/12/2022, due to the reduced taxes in view of the result reported compared to the previous year, without a substantial change in the applicable rates.

Capital employed totalled Euro 65.3 million, decreasing Euro 2.8 million on December 31, 2022 (Euro 68.1 million). This decrease is based on the opposing movements of the increase in fixed assets (Euro 7.2 million) and the reduction in net working capital (-Euro 10 million).

The **Net Financial Position** improved on 2022 and is now a cash position of Euro 168,424.

(Euro thousands)	31/12/2023	31/12/2022	cge.	change %
(Cash and cash equivalents)	(18,834)	(15,963)	(2,871)	18%
(Current financial receivables) ¹	(5,000)	-	(5,000)	(100%)
Short-term loans and borrowings	14,077	18,649	(4,572)	(25%)
Current payables to other lenders	-	-	-	-
Current financial debt	(9,757)	2,686	(12,443)	(463%)
Medium/long-term loans and borrowings	9,589	5,499	4,090	74%
Non-current payables to other lenders	-	-	-	-
Net financial debt	(168)	8,185	(8,353)	(102%)

CASH FLOW

Net cash flow of Euro 2.9 million was generated in 2023 (14.0 in 2022). The reduction was partly due to the operating result and items such as amortisation and depreciation, working capital and investments.

BACKLOG

The backlog at December 31, 2023 was Euro 3.15 million. This figure, in line with that seen throughout the second semester, reflects orders received on a reduced average number of days and accelerated order execution activities.

SIGNIFICANT EVENTS IN THE YEAR

¹ Interest-bearing escrow deposit



During the year the Company continued to pursue its medium- to long-term strategy. On May 23, 2023, the subsidiary Energyincloud s.r.l. (EiC) was established, which on June 27 signed a preliminary agreement to acquire 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.

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. In the same period, Energy obtained a building permit to construct the new battery production plant adjacent to the headquarters in Sant'Angelo di Piove di Sacco (PD), located on the land acquired in September 2022. In December, the Company completed the installation of the first battery assembly line set up in a special department of the existing plant. For both of these investments on the "Gigafactory Energy", in November 2023 the Ministry for Economic Development awarded a grant of Euro 7.15 million from the National Recovery and Resilience Plan funding line for the application under the "Renewables and Batteries" Strategic Production Chain Development Contract.

SUBSEQUENT EVENTS

There were no significant events subsequent to year-end.

OUTLOOK

In light of market developments, the Company once again considers it appropriate to continue pursuing the strategies outlined in the 2022-2024 Business Plan to be "ready for the future":

2024 is expected to see:

- (i) further expansion overseas;
- (ii) business development;
- (iii) investment, testing and consolidation of the international expansion and industrialisation of the production phases and the consolidation of know-how and innovation;
- (iv) improved brand visibility;
- (v) the pursuit of strategic M&A's.

Executive actions focused on these strategies continue, accompanied by continual adaptations to the required level of organisational and operational maturity.

As regards the year 2024, as communicated on 09/27/2023, it is confirmed that the turnover and margins of the industrial plan drawn up in 2022 cannot be achieved, given the market conditions.

2024 is shaping up to be a year of transition, not only for the company, but also for the residential market and particularly for the new market of Extra Large products that we are developing as a first-mover. In this area we expect the first significant business results from the investments made over the past two years.

STOCK OPTION PLAN

In June 2023, the right to subscribe to new shares under the stock options granted to management for a total of 116,926 newly issued shares was exercised.

OTHER BOARD OF DIRECTORS' MOTIONS



The Board of Directors confirmed the calling of the Shareholders' AGM for April 24, 2024 in first call and for April 29, 2024 in second call.

ALLOCATION OF THE ISSUER'S NET PROFIT

In terms of the allocation of the 2023 net profit, the directors propose the carrying forward of the amount of Euro 5,608,950 and the allocation of the remainder to the legal reserve.

PRESENTATION OF THE 2023 RESULTS TO THE FINANCIAL COMMUNITY

The 2023 results shall be presented to the financial community at **11:00 AM on March 27, 2024** during a conference call.

You may participate through the following link: <https://meet.google.com/bgj-kqhu-crp>

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

The financial statements at December 31, 2023 (audited) 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 60,000 systems across the country, with a focus on the residential, commercial, industrial, utilities and electric mobility markets. At December 31, 2023, revenues amounted to 63.3 million and net profit to 5.6 million. 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.

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INCOME STATEMENT

(Euro thousands)	31/12/23	%	31/12/22	%	cge.	change %
Revenues from sales and services	63,329	100%	126,450	100.0%	(63,122)	(49.9%)
Capitalisation of internal works	1,395	2.2%	441	0.3%	953	216.2%
Other revenues	1,175	1.9%	375	0.3%	800	213.4%
Material costs ⁽¹⁾	46,928	74.1%	87,090	68.9%	(40,163)	(46.1%)
Service costs	5,152	8.1%	5,819	4.6%	(666)	(11.5%)
Personnel expense	2,452	3.9%	1,869	1.5%	(584)	31.2%
Other costs ⁽²⁾	1,248	2.0%	314	0.2%	934	297.0%
EBITDA	10,117	16.0%	32,174	25.4%	(22,056)	(68.6%)
Amortisation & depreciation	1,225	1.9%	595	0.5%	630	105.9%
Write-downs	-	0.0%	4	0.0%	(4)	(100.0%)
EBIT	8,893	14.0%	31,575	25.0%	(22,682)	(71.8%)
Financial income/(expenses)	(1,375)	(2.2%)	(587)	(0.5%)	(788)	134.3%
Profit before taxes	7,518	11.9%	30,989	24.5%	(23,470)	(75.7%)
Income taxes	1,909	3.0%	8,381	6.6%	(6,472)	(77.2%)
Net Profit	5,609	8.9%	22,608	17.9%	(16,998)	(75.2%)

BALANCE SHEET

(Euro thousands)	31/12/23	31/12/22	cge.	change %
Intangible assets	4,772	4,315	457	10.6%
Property, plant and equipment	7,294	1,608	5,685	353.5%
Financial assets	1,180	156	1,024	656.7%
Total fixed assets	13,246	6,079	7,167	117.9%
Inventories	56,410	61,337	(4,927)	(8.0%)
Trade receivables	4,645	23,052	(18,407)	(79.8%)
Trade payables and advances	(9,867)	(15,609)	5,742	(36.8%)
Commercial working capital	51,188	68,780	(17,592)	(25.6%)
Receivables from subsidiaries	184	-	184	100.0%
Payable to subsidiaries	(2)	-	(2)	(100.0%)
Payables to associates	(2)	-	(2)	(100.0%)
Other receivables and prepayments/accrued income	669	296	373	126.3%
Other payables and accrued liabilities/deferred income	222	(6,808)	7,030	(103.3%)
Net working capital	52,260	62,268	(10,008)	(16.1%)

(Euro thousands)	31/12/23	31/12/22	cge.	change %
Post-employment benefits and other provisions	(219)	(265)	47	(17.5%)
Capital employed	65,287	68,082	(2,795)	(4.1%)
Equity	65,456	59,897	5,558	9.3%
Net financial debt	(168)	8,185	(8,353)	(102.1%)
Total sources	65,287	68,082	(2,795)	(4.1%)

NET FINANCIAL POSITION

(Euro thousands)	31/12/23	31/12/22	cge.	change %
(Cash and cash equivalents)	(18,834)	(15,963)	(2,871)	18%
(Current financial receivables)	(5,000)	-	(5,000)	(100%)
Short-term loans and borrowings	14,077	18,649	(4,572)	(25%)
Current payables to other lenders	-	-	-	-
Current financial debt	(9,757)	2,686	(12,443)	(463%)
Medium/long-term loans and borrowings	9,589	5,499	4,090	74%
Non-current payables to other lenders	-	-	-	-
Net financial debt	(168)	8,185	(8,353)	(102%)

CASH FLOW STATEMENT

(Euro thousands)	31/12/23	31/12/22	cge.	cge. %
Operating Result	8,893	31,575	(22,682)	(72%)
Income taxes	(1,909)	(8,381)	6,472	(77%)
Amortisation, depreciation and write-downs	1,225	599	626	105%
Change in commercial working capital	17,592	(54,097)	71,690	(133%)
Change in other receivables/(other payables), post-employment & other provisions ⁽¹⁾	(7,631)	4,181	(11,811)	(283%)
Cash flow from operating activities	18,170	(26,124)	44,294	(170%)
Investments in tangible, intangible & financial assets	(8,392)	(6,032)	2,360	39%
Cash flow before financing activities	9,778	(32,156)	41,934	(130%)
Change in bank payables and other lenders	(482)	19,299	(19,781)	(102%)

(Euro thousands)	31/12/23	31/12/22	cge.	cge. %
Changes in short-term financial receivables	(5,000)	-	(5,000)	-
Financial interest/(charges)	(1,375)	(587)	(788)	134%
Change in equity	(51)	27,411	(27,462)	(100%)
Net cash flow	2,871	13,968	(11,097)	(79%)

Fine Comunicato n.20263-6-2024

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