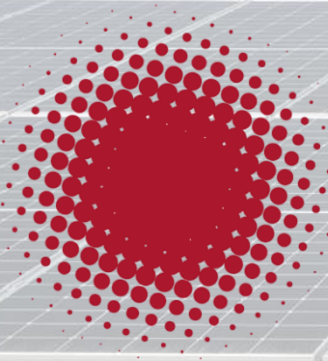




NextGems



ESPE

Energy Expertise

1H2024 INVESTOR REPORT UPDATE

22 OCTOBER 2024

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Enrico Meneghetti
CEO

- Graduated in **Mechanical Engineering** at the University of Padua.
- Joined **ESPE S.p.A.** in **2005**, taking on various positions including Project Manager, Business Development Manager and Operations Director, and bringing a boost to corporate growth through development strategies and continuing the process of internationalization.
- Since 2016, he has held the role of **CEO** of the Company, and is a 26.47% shareholder of the holding ESPE Technologies Srl.



Alberto Stocco
CFO & Investor Relations Manager

- Graduated in **Economics and Business Management** at the University of Padua.
- Began his career in 2006 taking on various roles, including External auditor, Consolidation Specialist, Finance Manager and CFO, at various companies including PwC and De'Longhi.
- Since September **2022**, he has held the role of **CFO** at ESPE.
- Since February **2024**, he has been **Investor Relations Manager** of the Company.
- He can boast various professional achievements, including extraordinary operations such as the establishment and management of a group holding, and the establishment, management and closure of businesses abroad (in the UK and in the U.S.).

Company Overview

- ESPE has been present in the energy sector through the creation of **industrial electrical and automation systems** since **1974**.
- Since **2003**, the Company has begun to operate in a continuous and structured manner in the **renewable energy sector**, dealing with photovoltaics, since 2011 with **small wind turbines** and since 2013 with **biomass cogeneration** with a **proprietary ESPE brand technology**.
- ESPE carries out its activity in the **plant** located in **Grantorto** (PD) in Veneto and operates through 2 divisions:
 - ✓ **System Engineering**: the Company acts as an **EPC contractor** specialized in the supply of **industrial roof-mounted PV systems and ground-mounted PV systems** (together with O&M activities) and as a System Integrator for the installation of industrial electrical systems;
 - ✓ **Production**: **small wind turbines** and **biomass cogenerators**, including **after-sales services**.
- The company covers all the **key phases** of the renewable energy **value chain**, from **project development** and **plant engineering** through to actual **construction**, according to **financial sustainability** planning.
- The Company's backlog has always been represented by **industrial groups, small and medium-sized companies** and **Italian and international companies**.
- In **2007** a progressive **generational transition** began among shareholders, filled with the entry of the brothers Enrico and Fabio Meneghetti, sons of one of the founding members, and the progressive exit of the historic members, concluded in 2019. Currently, the Company is led by an **expert and consolidated top management** who, thanks to many years of experience in the sector, has developed **complementary technical skills** to operate successfully in the world of energy.

Key Financial Highlights 1H2024

**Euro
29,9 Mln**

Turnover
1H2024

**Euro
3,3 Mln**

EBITDA
1H2024

Backlog as of 25.09.2024 stands at Euro 95,6 Mln from Euro 49,7 Mln of 2023FY

+2.000 Installed systems

Since 1974 in Italy and abroad as an EPC/system integrator in the electrical and PV sector with annual savings of approximately 300 million/kg of CO₂

+300 Realised systems

Since 2003 in Italy and abroad with proprietary technology in the wind, cogeneration and hydroelectric sectors

Partnership and collaborations

with Italian research centers and universities, such as the Universities of Padua, Naples, Trento and the Polytechnic of Milan, and international ones, the University of Edinburgh (Scotland) and Thessalonica (Greece)

System certifications

ISO 9001
ISO 14001
UNI CEI 11352
Class NK 20 KW turbine
IEC 61400-1 60KW and
100 KW turbines (in
progress)

91 employees at 30.06.2024

and 200+
contractors at
construction and
installation sites

Carbon Neutral since 2012

thanks to the use of
photovoltaic and
geothermal systems

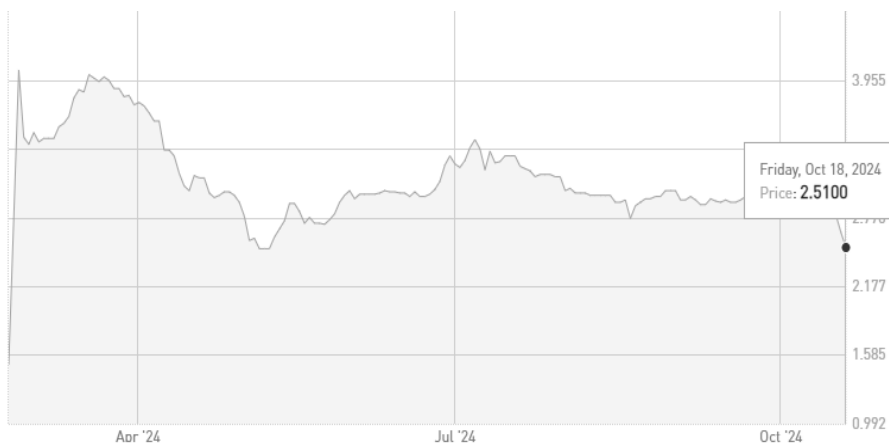
***Backlog:** indicates orders in the order book that an industrial company has already obtained but which it still needs to satisfy and provides information on the possible level of turnover that the company will be able to achieve*

Shareholder structure, Corporate Governance and Stock performance

Shareholder structure

- ESPE S.p.A., with a **share capital of Euro 2.369.900** and **no. 11.849.500 shares**, is controlled by ESPE Tecnologie S.r.l. attributable to Meneghetti family, which owns 6.722.500 Ordinary Shares and 3.000.000 Multiple Voting Shares. The remaining 2.127.000 Ordinary Shares are floating on the market.

Stock performance



- **IPO: €1,00**
- **Price 18/10/2024: €2,51**
- **Average Volume: 15.707**
- **Performance: +151%**

Corporate Governance

- The Company is managed by a **Board of Directors** made up of 7 members and in charge for the three-year period 2023-2025.

Board of Directors	Role
Enrico Meneghetti	Chairman and CEO
Fabio Meneghetti	Director
Simone Mariga	Director
Franco Favero	Director
Luigino Sambugaro	Director
Cristian Bernardi	Director
Arturo Lorenzoni	Independent Director

- The Board of Statutory Auditors is in charge for the three-year period 2023-2025 and made up of 5 members.

Board of Statutory Auditors	Role
Andrea Benetti	President
Pierantonio Dal Lago	Auditor
Lorenzo Pegorin	Auditor
Roberto Peruffo	Alternate Auditor
Giovanni Brunello	Alternate Auditor

- RSM Società di Revisione e Organizzazione Contabile S.p.A.** is the auditing firm until the approval of 2025 Financial Statements.

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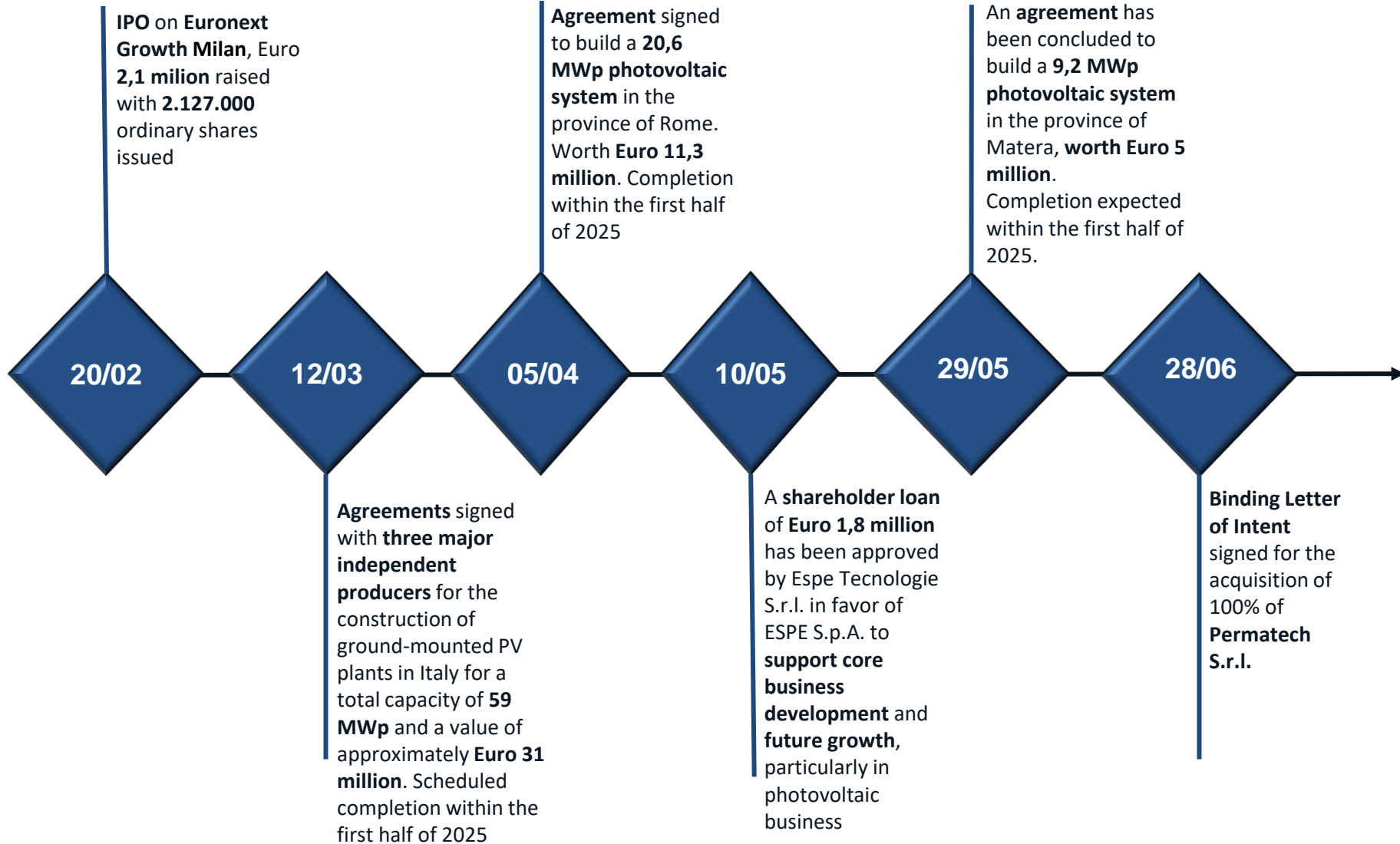
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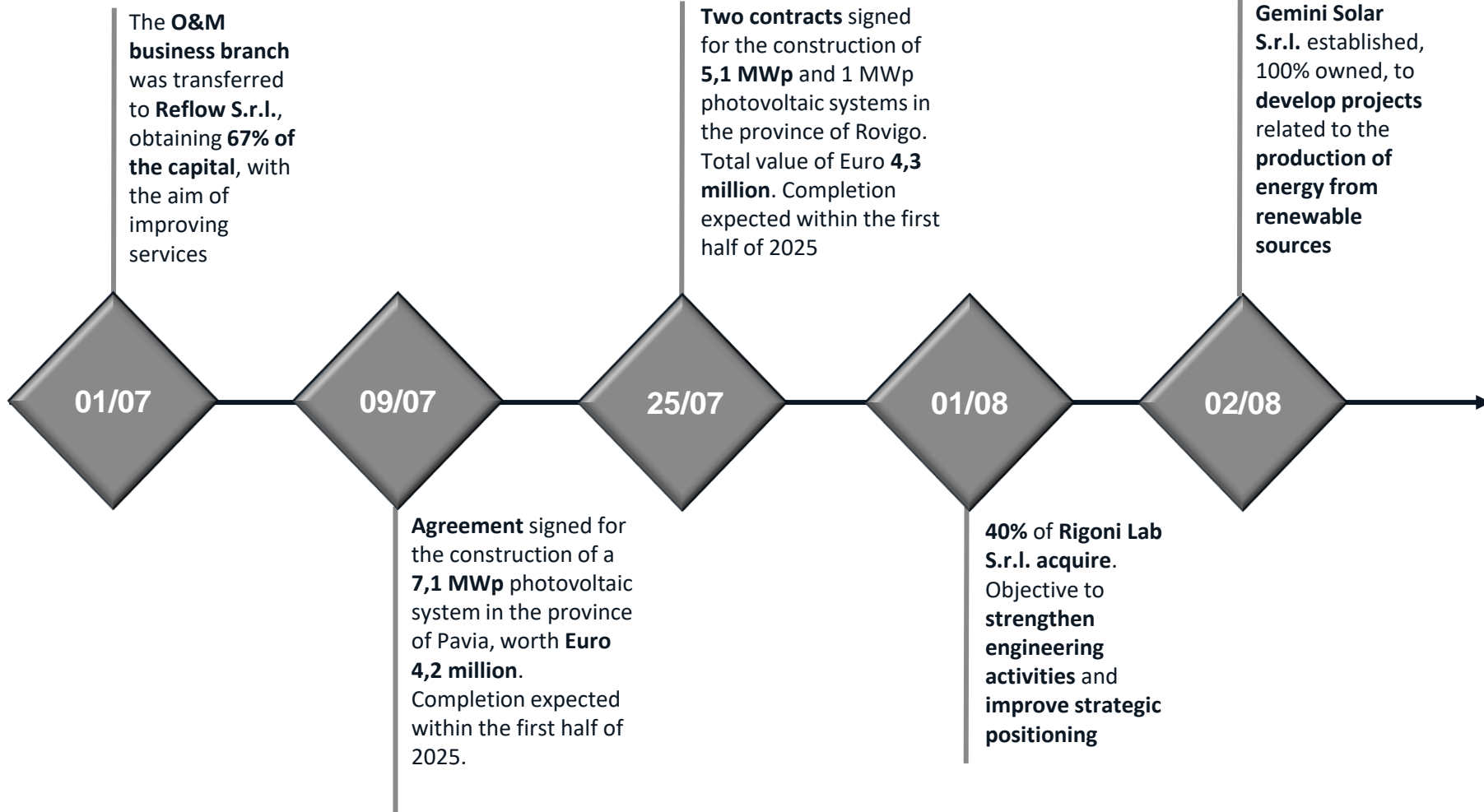
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Achievements 2024



Last Achievements 2024



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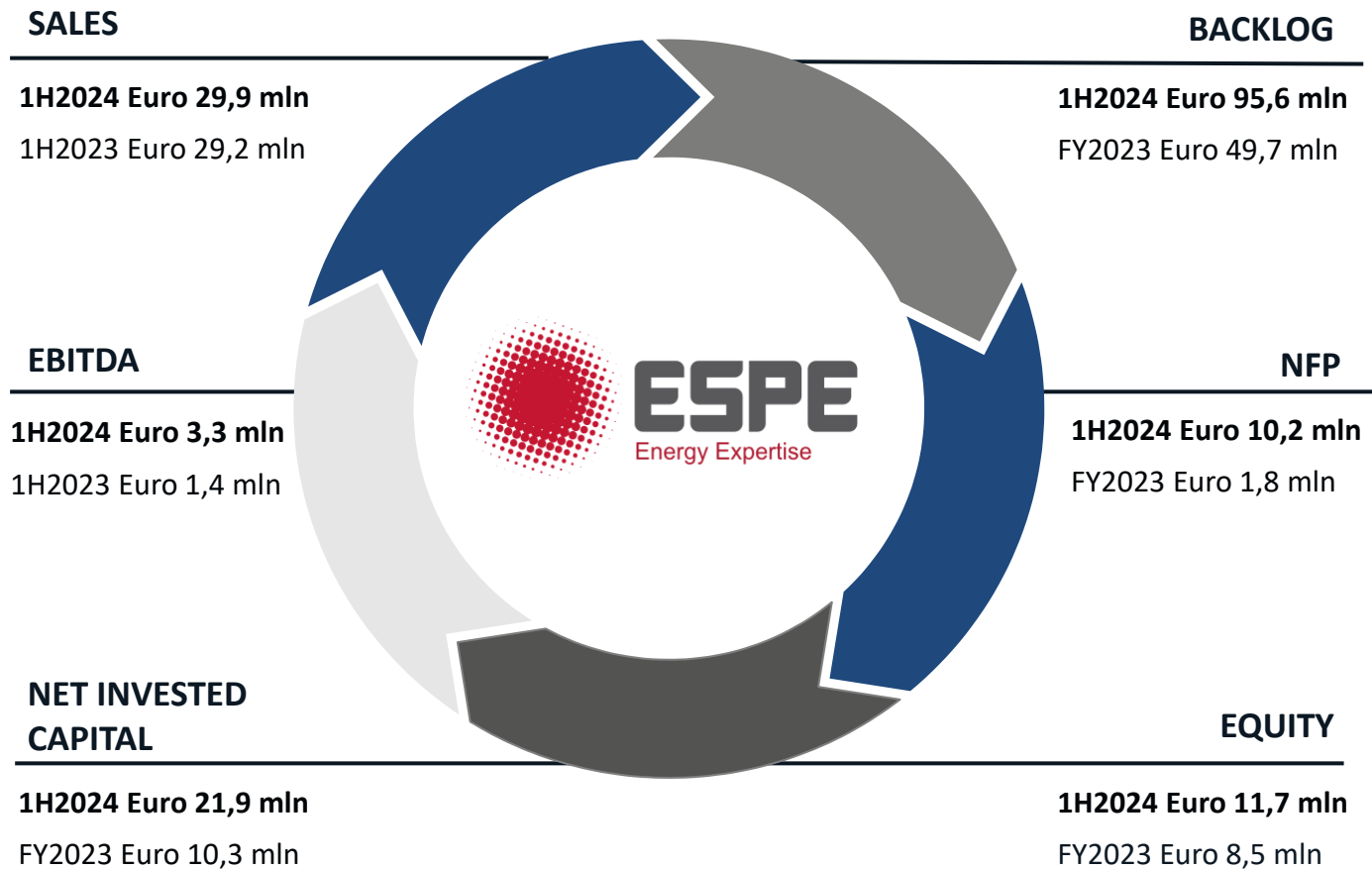
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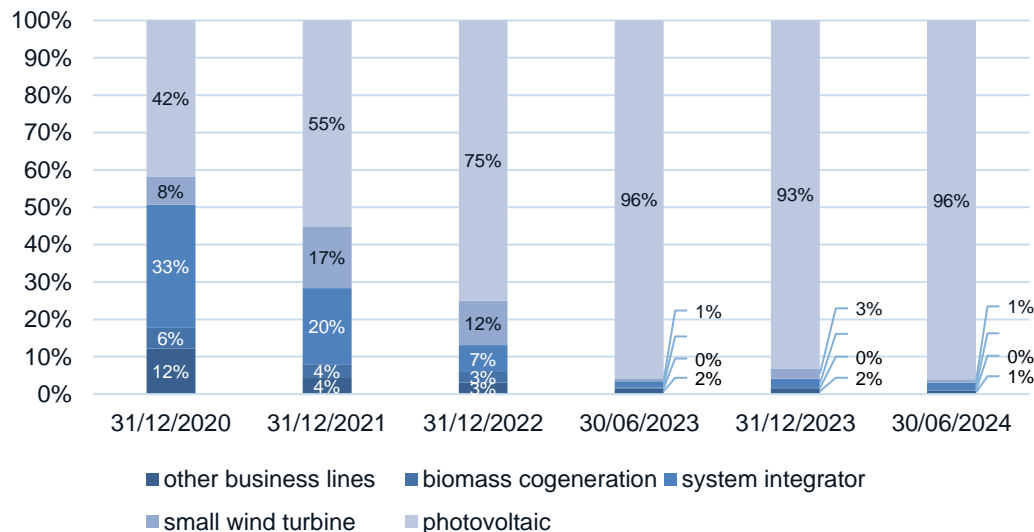
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At a glance – Financials 1H2024 vs 2023



Breakdown of turnover FY2020 - 1H2024

Breakdown of turnover by business line and historical trend (incidence compared to total revenues)



- **Photovoltaic:** Core business of ESPE, represents 96% of revenues as of 30 June 2024, thanks to systems for self-consumption and for independent Power Producers (IPP), with constant growth due to the demand for renewable energy.
- **Small wind turbine:** Reduced to 1% of turnover in 2024 (from 12% in 2022), penalized by the end of incentive tariffs, but considered strategic for ESPE, thanks to academic collaborations and technological innovation.
- **System Integrator:** Contributes 2% of revenues, It is however fundamental for customer loyalty and ESPE's ability to manage all plant phases internally, increasing operational efficiency.
- **Biomass cogeneration:** Potential future growth thanks to new regulations favoring self-consumption, part of ESPE's market diversification strategy.

Source: Management elaboration, Half-year Financial report as of 30/06/2024

Reclassified income statement HY2024 – HY2023

Data in Euro/thousands	HY2024	% (*)	HY2023	% (*)
Revenues	29.851	100,0%	29.239	100,0%
Change in inventories, products in progress, semi-finished and finished products	452	1,5%	1.893	6,5%
Change in Work in progress	(3.790)	-12,7%	(4.719)	-16,1%
Other Revenues	222	0,7%	418	1,4%
Value of Production	26.735	89,6%	26.831	91,8%
COGS	(11.977)	-40,1%	(15.742)	-53,8%
Services	(8.688)	-29,1%	(7.480)	-25,6%
Use of Asset owned by others	(335)	-1,1%	(212)	-0,7%
Employees	(2.387)	-8,0%	(1.663)	-5,7%
Other operating costs	(65)	-0,2%	(355)	-1,2%
EBITDA	3.283	11,0%	1.380	4,7%
D&A	(537)	-1,8%	(673)	-2,3%
Provisions	(500)	-1,7%	(121)	-0,4%
EBIT	2.246	7,5%	586	2,0%
Financial Management	(178)	-0,6%	(90)	-0,3%
EBT	2.068	6,9%	496	1,7%
Taxes	(765)	-2,6%	(62)	-0,2%
Net Income	1.303	4,4%	434	1,5%

(*) Impact on revenues

- In the first half of 2024, ESPE recorded revenues of **Euro 29,9 million, up** compared to Euro **29,2 million** in 2023, driven by the System Engineering division, with photovoltaic representing 96,5% of revenues (+2,8%). The System Integrator division recorded growth of 8.2%. The commercial strategy focused on rooftop photovoltaic systems for large industrial groups and on ground-mounted systems for independent producers (IPP).
- The **value of production** remained stable at Euro 26,7 million, in line with 2023.
- The Company's **order book** amounts to **Euro 95,6 million**, a **strong increase** compared to Euro 49,7 million at the end of 2023 (Euro 53,6 million at 30 June 2023).
- **EBITDA** is equal to **Euro 3,3 million, up** compared to **Euro 1,4 million** in the first half of 2023. The increase is mainly attributable both to the recognition of certain multi-year contracts in the state of progress and to the optimization in the internal management of orders and in the acquisition of larger orders.
- **EBITDA Margin** is equal to **11,0%** on revenues (12,3% on the value of production) at 30 June 2024, up compared to 4,7% at 30 June 2023. **EBIT** is expected to **Euro 2,2 million**, Euro 0,6 million at 30 June 2023, after amortization and write-downs of Euro 0,5 million and new provisions of Euro 0,5 million.
- **Net income** for the period as of 30 June 2024 stood at **Euro 1,3 million**, a clear increase compared to the Euro 0,4 million of the first half of 2023.

Source: Management elaboration, Half-year Financial report as of 30/06/2024

Reclassified balance sheet HY2024 – FY2023 – HY2023

Data in Euro/thousands	HY2024	FY2023	HY2023
Intangible assets	1.912	1.565	1.365
Tangible assets	2.131	1.944	932
Financial assets	472	472	512
Net fixed assets	4.515	3.981	2.809
Inventories	42.028	41.168	20.189
Account receivable	15.870	6.958	10.525
Account payable	(12.617)	(14.862)	(9.144)
Operating Working Capital	45.281	33.265	21.570
Other receivable	390	315	323
Other payable	(29.943)	(30.530)	(14.189)
Tax credits and debts	2.545	3.776	3.752
Net accruals and deferrals	469	261	301
Net Working Capital	18.742	7.086	11.757
Other Provisions	(620)	(120)	(239)
Severance Indemnities	(747)	(678)	(730)
NET INVESTED CAPITAL	21.890	10.270	13.597
Current financial debt	4.615	1.631	3.503
Current portion of non-current financial debt	1.964	1.648	1.198
Non-current financial debt	5.550	1.691	1.370
Financial debt	12.129	4.971	6.737
Liquid assets	(1.887)	(3.196)	(450)
Other financial assets	(6)	(6)	-
Net Financial Position	10.236	1.768	6.287
Share Capital	2.370	2.000	2.000
Reserves	7.981	4.875	4.876
Net Income	1.303	1.627	434
Equity	11.654	8.502	7.310
SOURCES	21.890	10.270	13.597

- **Net working capital** amounted to **Euro 18,7 million**, an increase compared to **Euro 7,1 million** at 31 December 2023 thanks to the increase in Inventories and Account receivable, balanced by a decrease in Account Payable.
- **Net financial debt** amounted to **Euro 10,2 million** compared to **Euro 1,8 million** at 31 December 2023. This increase is due to the greater use of bank credit facilities and the completion of new l/t term loans, functional to supporting of the Company's core business and substantial order book. This change is made up of Euro 3,9 million from the increase in non-current financial debt and Euro 4,6 million from the increase in current financial debt net of the change in cash and cash equivalents and other current financial assets.
- The Company's **net equity** at 30 June 2024 amounted to **Euro 11,7 million**, recording an increase compared to the **Euro 8,5 million** at 31 December 2023 due to the net result for the period and the capital increase recorded following the operation of IPO on Euronext Growth Milan which took place in February 2024.

Source: Management elaboration, Half-year Financial report as of 30/06/2024

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Future developments



As of 25 September 2024, ESPE has a **backlog of Euro 95,6 million**, expected to be completed by the first half of 2025, marking significant growth compared to the Euro 49,7 million recorded at the end of 2023 and Euro 53,6 million at the end of June 2023. Approximately 98% of total orders are related to PV business, with a total value of Euro 94,2 million.



ESPE's growth strategy is based on two pillars: the **consolidation of the core business** and **external expansion**. Among the key objectives, the **expansion into the US small wind power market** and the **strengthening of the biomass cogeneration** sector through the partnership with **Bio-based Energy Technologies P.C.**



ESPE has **strengthened its PV Operation & Maintenance (O&M) activities** through the transfer of the referred business unit to Reflow S.r.l., with the aim of **improving operational efficiency and the quality of services** rendered to customers. At the same time, the company **aims to strengthen its engineering and project management skills** through its participation in Rigoni Lab S.r.l., with the aim of accelerating the development of new authorizations and optimizing technical and operational control.

Source: Management elaboration, Half-year Financial report as of 30/06/2024

Strategic guidelines



Organic Growth

- Investimenti in attrezzature specialistiche di cantiere, spinta strategica necessaria per operare con successo nel mercato energetico e consolidare la propria posizione nel settore del fotovoltaico
- Costruzione di un deposito per utilizzo interno ed esterno con l'obiettivo di sviluppare ulteriormente il core business
- Sviluppo delle attività di O&M tramite la società controllata Reflow S.r.l., anche attraverso partnership con operatori del settore



M&A – Strengthening and integration of engineering activities

- Acceleration and development of strategic and project management activities, already managed internally, through the partnership with Rigoni Lab S.r.l. with the aim of maintaining technical and operational control of the construction sites.



M&A – expanding the business to the activity of developing authorizations

- Strategic integration of the supply chain through the expansion of the business to the development of authorizations with the aim of proposing new orders already covered by the ESPE construction contract, also through the evaluation of external growth.



Entry into the US small wind market and consolidation in the biomass cogeneration market

- Entry into the US small wind market through the start of component production and distribution of small wind turbines on site, following the creation of partnerships with strategic local operators
- Expansion of the offer on the biomass cogeneration market through partnerships aimed at the development of a cogenerator powered by low quality biomass sources.

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