



Annual Report

Fiscal Year 2022

Directors' report

(Translation from the Italian original which remains the definitive version)

Prepared in accordance with article 2428 of the Italian Civil Code

2022 Annual Report

Directors' report

Registered office in Piazza manifattura 1, 38068 ROVERETO TN

Share capital €613,750, fully paid up

Tax code 02284640220

TRENTO company registration no. 02284640220

REA no. 213161

Introduction

Dear shareholders,

The financial statements presented for your approval offer the clearest possible view of the company's situation. The results contained therein, which show a net profit for the year of €22,607,650, may be deemed positive.

This directors' report analyses the company's operations pursuant to the requirements of article 2428 of the Italian Civil Code. Its purpose is to offer a view of the company's position and results of operations of the year, with a particular focus on costs, revenues and capex. It has been audited by KPMG.

The shareholders' meeting was called within the timeframes provided for by article 2364 of the Italian Civil Code and article 12 of the by-laws.

The financial statements at 31 December 2022 have been prepared in compliance with the requirements of the Italian Civil Code, the Italian accounting standards, and the tax regulations in force.

HISTORY OF THE COMPANY

Energy began as an innovative start-up in 2013. After around a year designing innovative technologies for residential settings, it began carrying out technical retrofits, sales and aftersales services for photovoltaic electricity storage systems. The company's main technical partners include leading producers and some of the products sold by the company are OEM-branded. Energy has achieved ambitious growth objectives since its inception, further expanding its product range in 2020 and introducing original solutions, including its own-brand products (zero CO₂). The production range was expanded in 2021 and again in 2022, and the sales network also grew.

In their extraordinary meeting of 17 June 2022, the shareholders approved the company's transformation into a company limited by shares, as well as the share capital increase against payment and in one or more tranches and excluding the right of first refusal pursuant to article 2441.5 of the Italian Civil Code for the listing procedure for trading on Euronext Growth Milan ("EGM"). The share capital increase entailed the issue of new ordinary shares without nominal value. Energy shares began trading on the EGM on 1 August 2022.

GOVERNANCE STRUCTURE AND COMPANY OWNERSHIP

The company's mission creates value for those stakeholders directly involved in company activities - customers, employees and shareholders - and, ultimately, the supply chain, the local community and wider society:

We aim at offering all individuals, households and businesses a real opportunity to mitigate climate change and to actively contribute to the energy transition. Each one of us can reduce our CO2 emissions by maximising self-generation of electricity and this also contributes to the stability of the grid.

Energy pursues this objective by offering goods/services and solutions that meet market needs.

With shareholders' resolution of 17 June 2022, Energy became a company limited by shares (S.p.A.) for its subsequent listing on the Euronext Growth Milan stock market, which took place on 1 August 2022. The total placement of €30,031,200 was comprised of a share capital increase of €27,300,000 and subsequent exercise of the greenshoe option by the company's main shareholders for a total of €2,731,200. After the listing and exercise of the greenshoe option, the company's ownership structure is as follows:

Shareholder	Ordinary shares	Price adjustment shares (PAS)	Total shares	% of share capital
Davide Tinazzi	9,390,243	2,849,688	12,239,931	19.94%
Andrea Taffurelli	9,390,243	2,849,688	12,239,931	19.94%
Sun Hongwu	9,371,500	2,844,000	12,215,500	19.90%
Euroguarco S.p.A.	9,334,014	2,832,624	12,166,638	19.83%
RPS S.p.A.	4,166,500		4,166,500	6.79%
Market*	8,346,500		8,346,500	13.60%
Total	49,999,000	11,376,000	61,375,000	100.00%

*the free float accounts for 16.69% of the 49,999,000 shares admitted for trading on Euronext Growth Milan, as the PAS are not admitted for trading.

The company has a traditional governance structure comprised of the following bodies:

- the shareholders' meeting, which represents the interests of the owners. It makes the most important decisions for the company, appoints the board of directors, approves the financial statements and amends the by-laws;
- the board of directors - currently comprised of three members, two of which are shareholders and one is an independent director - which operates through a CEO;
- the board of statutory auditors, comprised of three members;
- the independent auditor.

The board of directors plays a central role in the company organisation. All departments report to it and it provides strategic and organisational guidance. To the extent of the business object, it holds all powers for the company's ordinary and extraordinary management, apart from those expressly reserved to the shareholders meeting by the law or by-laws.

The CEO has the greatest managerial responsibility within the company in line with the proxies conferred by the board of directors.

Directors' report

The company has an internal control system comprised of rules, procedures and an organisational structure monitoring:

- the efficiency and effectiveness of company processes;
- the reliability of financial disclosure;
- compliance with the law, regulations, the by-laws and internal procedures;
- the safeguarding of company assets.

The following section covers the company's internal organisational structure.

ANALYSIS OF THE COMPANY'S FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS

General characteristics of the company

The context and results

Energy storage systems are essentially in the transition from fossil fuels to renewables and attract significant public and private investments. The market is growing rapidly and offers great potential due to a number of drivers, including (a) energy price hikes which will drive up the demand for energy storage systems; (b) the risk of black outs and the need to stabilise the grid, partly due to the greater penetration of renewables; (c) the drop in the price of lithium ion batteries and other key technologies over the long term; (d) the complementarity with renewable energy sources, such as wind and solar, which by their nature are intermittent; (e) the increase in the demand for electric vehicles and consequent greater demand for specific energy profiles; (f) public incentives for the energy transition (the National Recovery and Resilience Plan and Decree law no. 34/2020, the "110% Superbonus") both in Italy and abroad.

2022 saw demand and supply grow in an external context not without turbulence. On the demand side, there were a series of changes related to the tax credit transfer mechanism in the second half of the year which affected the final part of the supply chain downstream of Energy's customers. This resulted in customers gradually winding back their use (including indirectly) of this mechanism. On the supply side, the temporary logistical and product supply bottlenecks during the year curbed Energy's capacity to fully achieve its sales potential. The price of lithium carbonate, which forms the basis of the LFP technology Energy uses, underwent rapid hikes, increasing over six times the 2021 prices, whereas it had steadily decreased in price over the previous four years. The cost of maritime shipments has spiked during the period. Lastly, from the third quarter of 2022, interest rates on loans also began rising to counter inflation, after years of accommodating policies (quantitative easing).

The company's operations expanded further during the year, refining and expanding the offer of energy storage systems (ESS) for residential use and by small and medium commercial or industrial operators, thanks to the production of larger systems (Extra large, XL) following the very first applications of 2021.

The growth path in the current 2022-2024 business plan that will be pursued over the next few years is underpinned by the following strategies: (a) the growth of the Commercial&Industrial (C&I) market segment; (b) the investments in infrastructure; (c) the expansion of the business in Europe and North America and (d) the streamlining of processes.

The strategic development lines remain those set out in the three-year development plan:

- Insourcing of some production activities and some strategic know-how
- Maintaining or expanding the market share in Italy and increasing exports
- Increasing brand awareness to generate qualified demand

Significant events of the year

Energy moved to its new 9,185 m² administrative and production facilities in Sant'Angelo di Piove di Sacco (PD) in May 2022. A rent-to-buy contract is in place until 2024 at a monthly cost of €15,000, of which €9,000 is a payment on account on the sales price. The purchase option for the building may be exercised in 2024 at an agreed price of €3.6 million. The adjacent land with an industrial building (a total of 11,000 m², of which 6,000 covered) was purchased in September 2022 to further increase the space available. The building will be demolished in 2023 and replaced with a new construction between 2023 and 2024. The purchase, totalling €1,137 million, was partly financed with a loan of €950 thousand.

Brief overview of performance

The analysis of the financial statements at 31 December 2022 show:

- Turnover in line with the budget, for a total of €126,450,178, within the €120-140 million range given as market guidance. Seasonality of demand was again a factor in 2022, with demand higher in the second half of the year (€73,154,924) than in the first (€53,295,254). However, the lack of some materials prevented the company from achieving its full sales potential.
- Higher-than-expected overall profitability for 2022, with an EBITDA of 25.4% as a percentage of revenues. This is a temporary effect due to the different timing of price rises applied to sales compared to those for materials purchases, favouring the former. This effect subsided in the second half of the year compared to the first (27.7%) and will continue to decrease throughout 2023.
- The cost structure is substantially unchanged from that of the 2021 financial statements, given that the business grew via vertical integration in 2022, where the proportion of internal production is still relatively limited compared to the volumes handled.
- Investments in fixed assets related to the upgrades to the new Sant'Angelo di Piove di Sacco facilities, including handling and storage equipment and production lines for the extra large systems and rack cabinets. The investments also include the purchase of the adjacent land and building, the capitalised listing costs, and part of the enclosure of the pilot plant for battery assembly being installed at the current site.
- Large amount of closing inventory, reflecting the just-in-case purchase tactic which replaced the previous just-in-time approach in the second half of the year to ensure full availability of materials in the first half of 2023. This is in response to the risk signals of logistical congestion, the lack of some raw materials, expected cost increases, and the effect of Covid-19 in China, factors which generated temporary shortages in 2021 and 2022 and pose a risk to reaching the targets in 2023. Despite the rise in the net financial debt, the company had unused credit lines approximating €12 million at the reporting date, equal to 40% of the total credit lines.

The market and products

Range of products and services

Energy sells two categories of product:

-The "Small&Large ESS" category, commenced in 2014, with energy storage systems of less than 50 kW (<50 kW ESS) for residential use and by small and medium-sized industrial and commercial users. The company carries out system integration activities for small (up to 6 kW) and medium (from 6 to 50 kW) energy storage systems.

-The "Extra Large ESS" category commenced in the final quarter of 2021 and grew further in 2022, covering energy storage systems of more than 50 kW (50+kW ESS) for industrial and commercial users with energy storage needs exceeding 50 kW. The company carries out system integration activities for large (more than 50 kW) energy storage systems based on an Energy Management System. The range has software functionalities which also enable multi-stack services to be activated¹.

Energy offers a smart cloud-based ESS management service. This ensures the historical management of data and the algorithms in relation to which the company carries out constant research and development activities and updates to improve the services offered and enable the use of new functionalities.

New products were introduced during the year, particularly the rackable 5kWh low voltage batteries, the biggest of the range, the single-phase and tri-phase zeroCO₂[®] sunchargers to recharge electric vehicles and the zeroCO₂[®] rack cabinets.

Foreign sales

In 2022, 15% of revenues were generated abroad (EU and non-EU) and 85% in Italy, with the preponderance of sales in Italy in 2022 a result of strategic choices. The significant Italian backlog carried over from 2021 impacted sales in the first half of 2022 (when foreign sales accounted for 7%), while foreign sales grew significantly in the second half (21% in the second half of 2022).

The company

This year the company again grew strongly, with high turnover and profitability outperforming 2021 levels by a factor of 2.4. The company's growth and profitability positioning is in line with the 2022 objectives.

The company has funded its growth using the cash flows generated by the share capital increase following the company's listing, cash flows generated by operating activities, as well as via bank loans and by extending the commercial overdrafts and agreeing new loans with the company's long-standing banks.

Net equity, given the share capital and reserves, is €59,897,382.

Intangible, tangible and financial fixed assets total €6,079,224 (+€2,259,375 compared to 30 June 2022 and +€5,433,383 compared to 31 December 2021) and mostly relate to the increase in intangible and tangible fixed assets. Intangible fixed assets include the upgrades made to the building at the company's current site (as it is not directly owned by the company) and listing costs. Tangible fixed assets mainly comprise investments in equipment, storage and handling systems, as well as the investment in the new land and building adjacent to the Sant'Angelo di Piove di Sacco site.

¹ Multi-stack services are overlapping services managed in parallel, such as self-consumption, peak shaving and grid services, based on criteria that are chosen to automatically determine how much of the various services to use (e.g., scheduling at least 80% of coverage on on-call grid services so as not to receive penalties, ensuring a certain level of peak shaving and using self-consumption for the remainder).

Workforce

The company has 47 employees at 31 December 2022, grouped by functional area. The workforce may be analysed as follows:

Closing workforce	47
Average number of employees	33
FTE	33

Quarterly breakdown of the workforce			
Q1	Q2	Q3	Q4
28	33	39	47

Males	30	64%
Females	17	36%

Of the workforce employed by the company under various contractual arrangements, two people resigned and one person was not offered an employment contract after their trial period. As well as the resignations, two directors ceased to be employees of the company from 1 January 2023 (see the Related parties section). During 2022, mainly in the second half of the year, the company took on 27 new hires (two junior managers, 14 white collars, five apprentices and six blue collars) for total net of the resignations of 47 employees at 31 December 2022 (+23 on the 24 employees at 31 December 2021). The gender breakdown is 36% female and 64% male, with a +6% increase in females compared to the 30% of the previous year end.

Financial position, financial performance and cash flows

The financial indicators offer an immediate view of the company's performance and results. The performance indicators examined in the relevant section of this report mainly relate to profit and loss account figures.

The "Reclassified figures" present the balance sheet and net financial position as at 31 December 2021 and 2022 and the profit and loss account and statement of cash flows for the years then ended, prepared using management criteria adopted by the board of directors to support the analysis of the company's financial position, financial performance and cash flows.

Reclassified figures

The reclassified figures presented in the following tables are used by the board of directors to analyse the company's financial position, financial performance and cash flows.

Profit and loss account

(Thousands of Euros)	2022	%	2021	%	Change
Turnover from sales and services	126,450	100.0%	51,514	100.0%	74,936
Internal work capitalised	441	0.3%	39	0.1%	402
Other revenues	375	0.3%	189	0.4%	185
Costs for materials ⁽¹⁾	(87,090)	(68.9%)	(38,203)	(74.2%)	(48,888)

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Costs for services	(5,826)	(4.6%)	(1,868)	(3.6%)	(3,958)
Personnel expenses	(1,869)	(1.5%)	(1,064)	(2.1%)	(805)
Other costs ⁽²⁾	(307)	(0.2%)	(176)	(0.3%)	(131)
Gross operating profit (EBITDA)	32,174	25.4%	10,431	20.2%	21,742
Amortisation and depreciation	(595)	(0.5%)	(279)	(0.5%)	(315)
Write-downs	4	0.0%	20	0.0%	(16)
Operating profit	31,575	25.0%	10,132	19.7%	21,443
Net financial charges	(587)	(0.5%)	(173)	(0.3%)	(413)
Profit before taxes	30,989	24.5%	9,959	19.3%	21,030
Income taxes	(8,381)	(6.6%)	(2,592)	(5.0%)	(5,789)
Net profit for the year	22,608	17.9%	7,367	14.3%	15,241

(1) Cost of materials and change in inventory

(2) Use of third-party assets, other operating costs and other provisions

Financial performance was positive.

Net turnover amounts to €126,450,178 for 2022, a €74,936,052 increase over the €51,514,126 of the previous year. The backlog is €26 million at 31 December 2022, a figure which reflects the intense order fulfilment in the final quarter of 2022 and a normal sector trend whereby activity levels are higher in the second half of the year.

EBITDA was €32,173,690 or 25.4% as a percentage of revenues, a higher-than-expected figure due to the temporary effect of the increase in price lists pending the expected increases in raw materials prices. The increase in the price lists, which already partly contributed to the turnover of the first half of 2022, was subsequently partly offset on the supply side by the higher costs negotiated with suppliers for containers arriving from May 2022. This effect will persist in 2023 and the company confirmed in January 2023 that it expects EBITDA to return to a figure closer to 20%.

Gross revenues are analysed below by geographical segment, in euros:

	2022	%	2021	%	Change	% change
Italy	107,296,780	85%	44,791,936	87%	62,504,844	140%
EU	18,270,628	14%	5,792,602	11%	12,478,026	215%
Non-EU	882,770	1%	929,588	2%	(46,818)	(5%)

Revenues are analysed by product category as follows:

	2022	%	2021	%	Change	% change
Small&Large (<50 kW)	122,234,784	97%	50,709,765	98%	71,525,019	141%
Extra Large (>50 kW)	4,215,394	3%	804,360	2%	3,411,034	424%

Revenues are analysed by sales channel as follows:

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	2022	%	2021	%	Change	% change
Specialist distribution	41,524,605	33%	21,445,957	42%	20,078,648	94%
VAR (value-added reseller)	40,482,220	32%	18,127,797	35%	22,354,423	123%
General distribution	38,591,722	31%	8,529,890	17%	30,061,832	352%
EPC / Other	5,851,631	5%	3,410,481	7%	2,441,150	72%

By number of storage systems and power

	2022	2021
Number of systems sold	18,851	9,150
Total power	104 MW	56 MW

In 2022, the company was still focussed on orders fulfilment in Italy and on the residential market, a consequence of the large backlog on the Italian market carried over from 2021. This factor reduced at the end of the first half of the year and there was a greater focus on foreign sales in the second half of the year. The 15% foreign sales in 2022 corresponds to foreign sales of €19,168,398, or growth by a factor of 2.8, compared to foreign sales of €6,722,190 in 2021, accounting for 13% of total turnover.

Growth in the sales of the Extra Large (XL) product remained conservative in the first half of the year, partly due to the lack of space at the former facilities and partly due to the need to train and inform potential customers about the new product. To this end, taking part in important sector trade fairs and events fulfilled the promotion purpose for this product category and confirmed the expected interest in the XL size. Operations ramped up after the move to the new facilities and the installation of the XL zeroCO₂ product assembly lines, with turnover of €4 million for 2022 (compared to €0.8 million in 2021, an increase by a factor of 5) for the sale of 20 basic zeroCO₂ systems, batteries for the XL size and other accessories.

Analysing sales by channel shows a substantial balance between the three main channels in 2022. From largest to smallest, these are: specialist distribution (33%), VAR (32%) and generalist distribution (31%). In 2021, the relative weight of generalist distribution was 17%, while that of specialist distribution was 42%. This is the result of an active strategy approved in 2021 which stabilised in 2022. EPC customers continue to account for a contained portion in relative terms, although they accounted for €5.8 million in the year, compared to €3.4 million in 2021 (a growth factor of 1.7). As regards risk concentration, the top ten customers account for approximately 63% of revenues, while the top twenty account for 77%.

Net of financial charges and income taxes, the costs incurred by the company in 2022 for sales came to €95,690,834, compared to €41,610,388 in 2021, in line with the business growth. Of these costs, €5,826,480 is for services, €1,868,510 is for personnel expenses, while €87,090,306 is the costs to purchase raw materials.

Balance sheet

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(Thousands of Euros)	31/12/2022	31/12/2021	Change	% change
Intangible fixed assets	4,315	549	3,766	686%
Tangible fixed assets	1,608	39	1,570	4061%
Financial fixed assets	156	58	98	168%
Total fixed assets	6,079	646	5,433	841%
Inventory	61,337	6,662	54,675	821%
Trade receivables	23,052	9,729	13,323	137%
Trade payables and payments on account	(15,609)	(1,708)	(13,901)	(814%)
Trade working capital	68,780	14,683	54,097	368%
Other receivables and prepayments and accrued income	296	1,639	(1,343)	(82%)
Other payables and accrued expenses and deferred income	(6,808)	(3,931)	(2,877)	(73%)
Net working capital	62,268	12,391	49,877	403%
TFR and other provisions	(265)	(305)	40	13%
Invested capital	68,082	12,732	55,350	435%
Net equity	59,897	9,878	50,019	506%
Net financial debt	8,185	2,854	5,331	187%
Total sources of funding	68,082	12,732	55,350	435%

Fixed assets rose considerably over the previous year in line with the investments and organic growth. Total fixed assets came to €645,840 at 31 December 2021. At 31 December 2022, they totalled €6,079,224, of which €4,315,087 for intangible fixed assets and €1,608,172 for tangible fixed assets. Intangible fixed assets include the capitalisation of EGM listing costs of €3,139,597, development costs of €1,709,745, and the cost of the upgrades to the rent-to-buy building currently used by the company. The tangible fixed assets include plant, handling and lifting machinery and equipment, shelving, and furnishings for the new offices. The financial fixed assets of €155,965 include receivables for guarantee deposits related to the new operating facilities.

Capex totalled €5,433,382 and includes: the listing costs, development costs, structural upgrades to the operating facilities, construction works on the battery department, the assembly line for the rack cabinet and XL system and related equipment, transport and lifting equipment, shelving, a mould for rack cabinet components, guarantee deposits for the current operating facilities and the purchase of the adjacent building.

Trade working capital increased to €68,780,366 during the second half of the year. It is mainly comprised of inventory of €61,337,498 - including €5,711,549 for payments on account to suppliers and goods measured at their fair value of €55,625,949 – trade receivables of €23,051,623 and trade payables of €15,380,467. The overall amount is much higher than that of the previous year-end, mainly as a result of the increase in inventory (+€50,365,229) due to raw materials purchases of €137,458,535 following the decision taken in the second quarter of 2022 to minimise the risk of being understocked in the first quarter of 2023, given the obvious supply chain risks and to protect from further expected cost hikes in 2023. Moreover, receipts of goods originally expected in summer 2022 were concentrated in the

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second half of the year (particularly in the fourth quarter) due to the easing of the extreme congestion at Chinese ports.

As well as to the business growth, the increase in receivables at 31 December 2022 is also due to the high volumes purchased by strategic customers that have more favourable payment terms than the 2021 average.

Net working capital was €12,390,976 at 31 December 2021, while it was €62,267,760 at 31 December 2022.

This increase absorbed the cash flows generated by operating activities, requiring greater bank indebtedness, while maintaining a debt/equity ratio of less than 1. The absorption of net cash has in no way comprised the investing activities.

Tax payables increased over the previous year end due to the taxes payable on the increased profit for the year. The applicable rates did not change substantially.

Invested capital amounts to €68,081,906, an increase on the €12,731,918 at the previous year end. The increase is mainly due to the growth in working capital and capex.

Total sources of funding of €68,081,906 comprise net equity (€59,897,383) and net financial indebtedness (€8,184,525). Net equity includes the share capital of €613,750 and reserves of €59,283,633, which include retained earnings and the amount raised by the listing. Overall financial indebtedness, which is exclusively to banks with self-liquidating lines, import financing and loans, is comprised of short-term bank loans and borrowings of €18,648,659 and medium-/long-term bank loans and borrowings of €5,498,819. The greater indebtedness is mainly to cover working capital.

Net financial debt

(Thousands of Euros)	31/12/2022	31/12/2021	Change	% change
Liquid funds	(15,963)	(1,995)	(13,968)	700%
Short-term bank loans and borrowings	18,649	2,465	16,184	657%
Short-term loans and borrowings from other financial backers	-	-	0.00 €	0%
Short-term financial debt	2,686	470	2,216	471%
Medium/long-term bank loans and borrowings	5,499	2,384	3,115	131%
Medium/long-term loans and borrowings from other financial backers	-	-	-	0%
Net financial debt	8,185	2,854	5,331	187%

Cash flow statement

(Thousands of Euros)	2022	2021	Change	% change
Operating profit	31,575	10,132	21,443	68%
Income taxes	(8,381)	(2,592)	(5,789)	69%

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Amortisation, depreciation and write-downs	599	299	299	50%
Change in trade working capital	(54,097)	(7,128)	(46,969)	87%
Change in other receivables/(other payables), employees' leaving entitlement and other provisions (1)	4,181	343	3,838	92%
Cash flows from operating activities	(26,124)	1,054	(27,178)	104%
Investments in intangible, tangible and financial fixed assets	(6,032)	(229)	(5,803)	96%
Cash flows before financing activities	(32,156)	825	(32,981)	103%
Change in bank loans and borrowings and loans and borrowings from other financial backers	19,299	602	18,697	97%
Net financial charges	(587)	(173)	(413)	70%
Change in net equity	27,411	(42)	27,453	100%
Net cash flows	13,968	1,212	12,756	91%
Opening liquid funds	1,995	782		
Net cash flows	13,968	1,212		
Closing liquid funds	15,963	1,995		

(1) Other receivables and prepayments and accrued income

Other payables and accrued expenses and deferred income, employees' leaving entitlement and other provisions

Performance indicators

The following table summarises certain performance indicators used to measure company performance for the year:

	2022	31/12/2021
ROE - (Return on equity)	37.7%	74.6%
ROIC - (Return on invested capital)	34.8%	54.2%
ROA - (Return on assets)	29.6%	49.0%
ROS - (Return on sales)	25.0%	19.7%

The sales indicator (ROS) improved, which reflects the greater profitability, although - as explained - this is a temporary effect. The ROE decreased mainly as a result of greater capitalisation following the stock market listing, as the net profit for 2022 is clearly higher than that of 2021. The decrease in the ROIC is due to the greater use of invested capital, particularly as a result of the increase in working capital. Lastly, the ROA was impacted particularly by the increase in assets with higher fixed assets, inventory and trade receivables.

An explanation follows of how the indicators are calculated.

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ROE (Return on equity)	percentage remuneration of the share capital pertaining to the shareholders	Net profit (loss) for the year/ Own funds
ROIC - (Return on invested capital)	profitability of operations: measures a company's ability to generate profits in transforming inputs into outputs	EBIT / Invested operating capital
ROA - (Return on assets)	a company's ability to obtain profit flows from its operations	EBIT / Total assets
ROS - (Return on sales)	impact of the main factors of production (materials, personnel, amortisation/depreciation and other costs) on turnover	EBIT / Revenues

EBITDA

(Thousands of Euros)	2022	2021
Net profit for the year	22,607,650	7,366,620
Income taxes	8,380,859	2,592,004
Net financial income	586,658	173,334
EBIT	31,575,167	10,131,958
EBIT %	25%	20%
Amortisation, depreciation and write-downs	598,522	299,467
EBITDA	32,173,689	10,431,425
EBITDA %	25%	20%

EBITDA is calculated as follows: net profit or loss for the year, adjusted by: (i) income taxes, (ii) financial income and charges and (iii) amortisation, depreciation and write-downs and other provisions.

Main risks and uncertainties

Pursuant to article 2428 of the Italian Civil Code, this section of the directors' report describes the risks, i.e., those events that could potentially produce negative effects on the pursuit of the company's objectives therefore hindering the creation of value.

Risk identification and management is a strategic factor to protect, maintain and improve a company's value over time.

FINANCIAL RISKS

Credit risks

Credit risk represents a company's exposure to potential risks deriving from counterparty default.

Trade receivables are stated net of the provision for bad debts. The amount of the caption is deemed to provide a correct representation of estimated realisable value. There are no particular risks deriving from the concentration of credit. New customers acquired during 2021 have good creditworthiness. An examination carried out in March 2022 of the overall rating of Energy's trade receivables showed an average riskiness lower than the national average.

Liquidity risk

Liquidity risk is the possibility that the financial resources available to the company are insufficient to meet its financial and trading obligations within the agreed terms and deadlines.

The financial structure established by the board of directors with banks and other financial backers has enabled, and is expected to continue to do so for the foreseeable future, the company to regularly meet its financial obligations. As the company's cash flows, as well as the financial resources that could be provided by the banking system are sufficient to cover ordinary financial requirements, there is no liquidity risk.

In order to establish the expected cash flows of an "underlying" represented by the floating cash interest rate on financial payables, the company has taken out derivatives to hedge the interest rates on loans, where appropriate.

Currency risk

Currency risk is the overall impact of fluctuations in currencies other than the Euro on financial performance and cash flows, affecting companies that operate on foreign markets. The company's main aim is to protect its profit margin on sales and purchases against external factors.

This risk is not material given the limited amount of foreign currency sales and purchases. The company closely monitors currency-related risks in order to promptly implement the appropriate management tools designed to reduce such risk.

OPERATIONAL RISKS

Supplier dependence

The company has long-term technological and production partnerships with selected suppliers with which it has long-standing relationships beneficial to both parties. This strategic choice once again gave the company a competitive edge on the market in 2022. These de facto alliances naturally expose Energy to a certain level of risk as operations could be negatively impacted if they were to be terminated for any reason, or if critical issues were to arise in the procurement relationships. Although considered unlikely - and confirming the partnerships' strategic value in 2022 - the company has taken and will continue to take steps to mitigate this risk, both in terms of the supplier portfolio and in the acquisition of expertise and processes that reduce the level of dependency or which would reduce recovery times if necessary. During the year, the company introduced products of two alternative suppliers, in a limited manner but higher than in previous years, testing their technical and production/logistical capacity.

Key management personnel

Energy has traditionally relied on a small number of managers and directors who have guided the company since its early years. The company is aware of the implications of the termination of the relationship with these people who have been responsible for its success and has therefore begun expanding the management team, creating teams and implementing company processes to reduce the reliance on these individuals. At the time of preparation of this report, there are eight department managers that support company management.

Macroeconomic scenario and Covid-19

Energy's business was temporarily impacted by upstream supply chain disruption in 2021 and for part of 2022 (particularly from May to September). After it had been resolved, goods resumed their flow to the company in the second half of the year, but cumulatively, generating management difficulties and partly curbing the ability to fully meet demand. The main pressures of the economy and the effects of Covid-19 (in the second half of 2022 in

China) on Energy's operations include but are not limited to: changes in external demand for parts needed for its products, price hikes for some commodities, partial disruptions to supply, slow-downs in sea transport, the generic impacts of the pandemic-related restrictions, and the inflationary effects in general. The company responded swiftly to mitigate the impact of these pressures and is rolling out medium-term measures to contain the impact of these external factors on business continuity.

Geopolitical risks

The geopolitical tensions linked to relations between NATO and other emerging hegemonic blocs (Russia and China) could impact international relations between companies, both in terms of restrictive regulatory actions and of macroeconomic impacts on the company's markets. However, the former-USSR bloc is not a major market for Energy, nor is it strategic for procurement. On the other hand, the issue of relations with China is much more significant, as it is the source of most of the company's supplies. For this reason, the company has implemented a development programme based on a scenario of complex relationships between the EU/US and China, such to mitigate the negative impacts and, as far as possible, to seek to gain advantage from the possible opportunities that could arise from this geopolitical situation.

Cybersecurity risk

The company is exposed to cybersecurity risk due to the growing use of IT systems and the dissemination of digitalisation processes. This risk could entail data loss, business interruption or privacy breaches.

Although the company is not especially exposed to this risk, it nonetheless is continually involved in strengthening its IT systems, regularly performing security procedures, personnel training and the protection of its IT infrastructure with ad hoc measures.

Environmental management

As well as reflecting the size and complexity of a company's operations, the Italian Civil Code requires that the analysis of a company's financial position and financial performance also contains "to the extent necessary for an understanding of the company's financial position and financial performance, financial indicators and, if relevant, non-financial indicators on the company's specific operations, including as relates to the environment and personnel" (article 2428.2).

As can be deferred from the above regulation, the Italian Civil Code requires the directors to assess whether the additional disclosure on the environment could contribute to the understanding of the company's position and financial performance.

In light of the foregoing, the board of directors has decided to omit these disclosures, as they are not currently material and therefore do not contribute to an understanding of the company's position and financial performance. They will be provided when there are concrete, tangible and significant environmental impacts with potential consequences for the company's financial position and financial performance.

Personnel disclosures

The purpose of these disclosures is to illustrate the relationship between the company and its employees. The *Workforce* section on page 7 provides the main personnel statistics and trends.

The company does not have significant personnel turnover and the workforce is expanding. This growth is supported by collaboration with specialised agencies and a senior HR manager was recruited in February 2023. There are currently no trade union representatives in the company and there are no disputes.

As regards workplace health and safety, no accidents occurred during the year. The risk assessment document was updated and specific risk assessments were completed in line with the expansion of the company's workforce. The development of the workforce and production is closely monitored from an HSE perspective as well as in technical terms of roles, responsibilities and internal expertise.

Research and development

Energy commenced a long-term research project in the years prior to 2022 as part of its efforts to pre-empt market trends. The project relates to the possibility of developing larger storage systems using modular elements that can be combined.

This project gave tangible results in 2021, offering the possibility to expand the company's sales offer beyond residential applications.

The large storage systems can be used for buildings, commercial and industrial structures, government offices and energy utility systems. Technical refinements were made in 2022 to both the hardware and software developed in 2021, development began of the XL modular products for outdoor applications, and the zeroCO2[®] sunchargers and optimisers were integrated to recharge electric vehicles. Five projects were carried out in the year, one of which is still underway in 2023. These projects are aimed at expanding the range and honing existing products to adapt them to new needs and to improve them in light of feedback from users.

Related party transactions

Again in 2022, the company was not part of a group, nor does it hold controlling stakes or interests such to make it the parent of a group.

The company does not have any equity investments.

The company does not hold and has never held, directly or indirectly, treasury shares or shares or quotas of parents, including through trustees or nominees. The company does not carry out transactions with individuals related to it, with the exception of the remuneration of two founder-directors, which were also employees of the company from December 2015 until 31 December 2022. The total remuneration for the role of director was €748,167 (cost to the company), while the remuneration for their role as employee was €276,050 (cost to the company), for a total of €1,024,217. Other than these directors, there were no financial transactions exceeding the materiality threshold between the company and its other related parties.

Outlook

In light of market developments, the likely increase in competition and the characteristics of the sector's supply chain, the company will continue to pursue the strategic guidelines of the 2022-2024 business plan and to ramp up its capital raising: (a) increasing its expansion abroad; (b) developing its Extra Large ESS business; (c) insourcing and rolling out manufacturing processes to increase added value and consolidate know-how and innovation; (d) improving brand visibility; (e) pursuing M&A strategies. The activities to implement these strategies continue, together with a general expansion of the company's workforce.

Alongside these guidelines, there are considerations based on an observation of the recent period, characterised by turbulence in sea transport, spikes in commodity and energy prices, domestic and international political instability, inflation, interest rate rise and a latent

Directors' report

recession. The procurement strategy combined with the receipts of goods in the second half of 2022 will be balanced by an inventories and procurement management policy in 2023 aimed at reducing working capital to an amount more suitable for company development, also considering that the feared shortage in the first quarter of 2023 has not eventuated. Conversely, there is a (temporary) abundant availability of materials along the sector's supply chain in Europe, which is probably the result of earlier large procurements by many other players and the increase of the production and logistical capacity of the Asian supply chains. Furthermore, specifically as relates to Italy, the continued blockage of the tax credit transfer mechanism could lead to a temporary slow-down in the market, which Energy is preparing to tackle.

The revenue and profitability objectives set out at the time of the IPO are confirmed based on the performance and considerations set out above.

Branches

In addition to the registered office, the company also has operating facilities, as follows:

- registered office in Piazza Manifattura 1, Rovereto (TN)
- operating facilities in Sant'Angelo di Piove di Sacco, PD (new registered office from 2022) – via zona industriale, 8/10
- the operating facilities in via seconda strada 26, Galta di Vigonovo, ceased to be used in May 2022.

Net profit for the year

The directors propose carrying forward the net profit for the year 2022 by amount of €22,489,774 and set the remaining part to legal reserve.

On the basis of the information provided, we invite you to approve the financial statements as at and for the year ended 31 December 2022 and the above proposal for the allocation of the net profit for the year.

Rovereto, 28/03/2023

On behalf of the board of directors
The chairman, Alessandro Granuzzo



General information

Company information

Name: ENERGY S.p.A.
Registered office: PIAZZA MANIFATTURA 1 ROVERETO, TRENTO
Share capital: €613,750.00
Share capital fully paid-up: yes
Chamber of commerce code: TN
VAT code: 02284640220
Tax code: 02284640220
REA no.: 213161
Legal form: COMPANY LIMITED BY SHARES
Main business sector (ATECO): 466920
Company in liquidation: no
Single-member company: no
Company managed and coordinated by another party: no
Name of company or body that manages and coordinates it:
Company belonging to a group: no
Name of parent:
Country of parent:
Register of cooperatives number:

Financial statements as at and for the year ended 31/12/2022

Balance sheet

	31/12/2022	31/12/2021
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
1) start-up and capital costs	2,872,682	-
2) development costs	605,824	484,033
3) industrial patents and intellectual property rights	43,274	60,191
4) concessions, licences, trademarks and similar rights	5,100	4,690
6) assets under development and payments on account	666,938	-
7) other	121,269	-
<i>Total intangible fixed assets</i>	<i>4,315,087</i>	<i>548,914</i>
II - Tangible fixed assets	-	-
1) land and buildings	1,196,597	-
2) plant and machinery	37,506	42
3) industrial and commercial equipment	183,458	15,771

	31/12/2022	31/12/2021
4) other assets	76,711	22,833
5) assets under construction and payments on account	113,900	-
<i>Total tangible fixed assets</i>	<i>1,608,172</i>	<i>38,646</i>
III - Financial fixed assets	-	-
2) financial receivables	-	-
d-bis) from others	155,965	58,281
due within one year	-	340
due after one year	155,965	57,941
<i>Total financial receivables</i>	<i>155,965</i>	<i>58,281</i>
<i>Total financial fixed assets</i>	<i>155,965</i>	<i>58,281</i>
<i>Total fixed assets (B)</i>	<i>6,079,224</i>	<i>645,841</i>
C) Current assets		
I - Inventory	-	-
4) finished goods	55,625,949	5,257,720
5) payments on account	5,711,549	1,404,376
<i>Total inventory</i>	<i>61,337,498</i>	<i>6,662,096</i>
II - Receivables	-	-
1) trade receivables	23,051,623	9,728,798
due within one year	23,051,623	9,728,798
5-bis) tax receivables	89,843	460,250
due within one year	84,853	443,587
due after one year	4,990	16,663
5-ter) deferred tax assets	48,321	62,117
5-quater) from others	6	1,049,412
due within one year	6	1,049,412
<i>Total receivables</i>	<i>23,189,793</i>	<i>11,300,577</i>
III - Current financial assets	-	-
5) Derivatives	161,450	14,779
<i>Total current financial assets</i>	<i>161,450</i>	<i>14,779</i>
IV - Liquid funds	-	-
1) bank and postal accounts	15,962,755	1,994,571
3) cash-in-hand and cash equivalents	198	44
<i>Total liquid funds</i>	<i>15,962,953</i>	<i>1,994,615</i>
<i>Total current assets (C)</i>	<i>100,651,694</i>	<i>19,972,067</i>
D) Prepayments and accrued income	32,218	52,162
<i>Total assets</i>	<i>106,763,136</i>	<i>20,670,070</i>
Liabilities		
A) Net equity	59,897,383	9,878,264
I - Share capital	613,750	10,000
II - Share premium reserve	27,186,250	-
IV - Legal reserve	4,874	4,874
VI - Other reserves, indicated separately	-	-

	31/12/2022	31/12/2021
Extraordinary reserve	5,210	5,210
Sundry other reserves	2	3
<i>Total other reserves</i>	<i>5,212</i>	<i>5,213</i>
VII - Hedging reserve	122,702	11,232
VIII - Retained earnings	9,356,945	2,480,325
IX - Net profit for the year	22,607,650	7,366,620
Total net equity	59,897,383	9,878,264
B) Provisions for risks and charges		
2) Tax provision, including deferred tax liabilities	38,748	3,547
4) other provisions	95,487	149,000
<i>Total provisions for risks and charges</i>	<i>134,235</i>	<i>152,547</i>
C) Employees' leaving entitlement	130,840	152,351
D) Payables		
4) bank loans and borrowings	24,147,478	4,848,272
due within one year	18,648,659	2,464,690
due after one year	5,498,819	2,383,582
6) payments on account	228,288	632,393
due within one year	228,288	632,393
7) trade payables	15,380,467	1,075,343
due within one year	15,380,467	1,075,343
12) tax payables	6,021,688	3,392,998
due within one year	6,021,688	3,392,998
13) social security charges payable	150,898	72,365
due within one year	150,898	72,365
14) other payables	530,911	420,544
due within one year	530,911	420,544
<i>Total payables</i>	<i>46,459,730</i>	<i>10,441,915</i>
E) Accrued expenses and deferred income	140,948	44,993
<i>Total liabilities</i>	<i>106,763,136</i>	<i>20,670,070</i>

Profit and loss account

	2022	2021
A) Production revenues		
1) turnover from sales and services	126,450,179	51,514,126
4) internal work capitalised	441,040	38,790
other revenues and income	-	-
grants related to income	46,764	54,852
other revenues and income	328,019	134,578
<i>Total other revenues and income</i>	<i>374,783</i>	<i>189,430</i>

	2022	2021
<i>Total production revenues</i>	127,266,002	51,742,346
B) Production cost		
6) raw materials, consumables, supplies and goods	137,458,627	38,698,402
7) services	5,818,967	1,868,134
8) use of third party assets	116,157	37,696
9) personnel expenses	-	-
a) wages and salaries	1,327,590	801,186
b) social security contributions	360,057	200,133
c) employees' leaving entitlement	96,132	53,219
e) other costs	84,730	9,350
<i>Total personnel expenses</i>	1,868,509	1,063,888
10) amortisation, depreciation and write-downs	-	-
a) amortisation of intangible fixed assets	563,566	269,245
b) depreciation of tangible fixed assets	31,188	10,143
c) write-downs of fixed assets	-	20,079
d) write-downs of current receivables and liquid funds	3,769	-
<i>Total amortisation, depreciation and write-downs</i>	598,523	299,467
11) change in raw materials, consumables, supplies and goods	(50,368,229)	(495,717)
13) other provisions	-	89,000
14) other operating costs	198,281	49,518
<i>Total production cost</i>	95,690,835	41,610,388
Operating profit (A-B)	31,575,167	10,131,958
C) Financial income and charges		
16) other financial income	-	-
d) other income	-	-
from others	96	117
<i>Total other income</i>	96	117
<i>Total other financial income</i>	96	117
17) interest and other financial charges	-	-
other	490,854	156,074
<i>Total interest and other financial charges</i>	490,854	156,074
17-bis) Net exchange rate losses	(95,900)	(17,377)
<i>Net financial charges (15+16-17+-17-bis)</i>	(586,658)	(173,334)
Profit before taxes (A-B+C+-D)	30,988,509	9,958,624
20) Income taxes		
current taxes	8,366,016	2,654,233
taxes relative to prior years	1,047	-
changes in deferred taxes	13,796	(62,229)
<i>Total income taxes</i>	8,380,859	2,592,004
21) Net profit for the year	22,607,650	7,366,620

Cash flow statement, prepared using the indirect method

	2022	2021
A) Cash flows from operating activities (indirect method)		
Net profit for the year	22,607,650	7,366,620
Income taxes	8,380,859	2,592,004
Net interest expense	586,658	93,813
Net loss on the sale of assets		12,450
<i>1) Profit for the year before income taxes, interest, dividends and gains/losses on sales</i>	<i>31,575,167</i>	<i>10,064,887</i>
Non-monetary adjustments that did not affect net working capital		
Accruals to provisions	96,132	89,000
Amortisation and depreciation	594,754	279,388
Write-downs	3,769	20,079
Other net increases due to non-monetary items	23,037	53,219
<i>Total non-monetary adjustments that did not affect net working capital</i>	<i>717,692</i>	<i>441,686</i>
<i>2) Cash flows before changes in net working capital</i>	<i>32,292,859</i>	<i>10,506,573</i>
Changes in net working capital		
Net increase in inventory	(54,698,439)	(1,900,094)
Net increase in trade receivables	(13,326,594)	(6,962,811)
Increase/(decrease) in trade payables	14,305,124	(187,264)
Decrease/(increase) in prepayments and accrued income	19,944	(18,332)
Net increase in accrued expenses and deferred income	95,955	35,701
Other decreases/(other increases) in net working capital	1,218,403	(54,749)
<i>Total changes in net working capital</i>	<i>(52,385,607)</i>	<i>(9,087,549)</i>
<i>3) Cash flows after changes in net working capital</i>	<i>(20,092,748)</i>	<i>1,419,024</i>
Other adjustments		
Net interest expense	(586,658)	(93,813)
Income taxes paid	(5,752,169)	(413,537)
Dividends collected		3,547
Use of provisions	(171,156)	(7,196)
<i>Total other adjustments</i>	<i>(6,509,983)</i>	<i>(510,999)</i>
Cash flows from/(used in) operating activities (A)	(26,602,731)	908,025
B) Cash flows from investing activities		
Tangible fixed assets		
Investments	(1,600,714)	(27,356)
Intangible fixed assets		
Investments	(4,329,739)	(170,345)
Financial fixed assets		
Investments	(97,684)	(31,087)
Disposals		(12,450)
Current financial assets		
Investments		(14,779)

	2022	2021
Cash flows used in investing activities (B)	(6,028,137)	(256,017)
C) Cash flows from financing activities		
Third party funds		
Net increase in short-term bank borrowings	15,001,322	710,695
New loans	4,850,000	634,391
Repayments of loans	(552,116)	(743,044)
Own funds		
Proceeds from issue of share capital against payment	27,300,000	
Repayment of share capital		(41,766)
Cash flows from financing activities (C)	46,599,206	560,276
Increase in liquid funds (A ± B ± C)	13,968,338	1,212,284
Opening liquid funds		
Bank and postal accounts	1,994,571	782,288
Cash-in-hand and cash equivalents	44	43
Total opening liquid funds	1,994,615	782,331
Closing liquid funds		
Bank and postal accounts	15,962,755	1,994,571
Cash-in-hand and cash equivalents	198	44
Total closing liquid funds	15,962,953	1,994,615
Reconciliation differences		

Information on the cash flow statement

2022 was an especially notable year for Energy, involving major investments which enabled it both to outperform forecasts as early as 2022 and to lay the groundwork for the further developments envisaged by management.

The investments took different directions.

A very significant portion (€54.7 million) was used to increase inventory so that the company can quickly meet growing customer demand. Specifically, management has chosen to shield the company from possible risks linked to logistics and procurement times for the products it sells which come from China.

Conversely, the combined net increase in trade receivables (€13.3 million) and the increase in trade payables (€14.3 million) had a positive net impact on cash flows. Both these impacts are a direct consequence of the company's expansion as the collection and payment terms have not changed significantly from those of the previous year.

In terms of the planned investments, purchases of more than €6 million were made in 2022. The main investments include the purchase of land for the new production building, as well as costs to boost storage capacity at the current facilities.

These investments and working capital are firstly funded by the financial resources generated by operating activities (€32.3 million), then through the issue of share capital against payment (€24.3 million, net of charges directly linked to the capital increase) and, finally, through new short- and long-term bank loans (€19.3 million). At year end, the company had liquid funds approximating €16 million and unused credit lines approximating €12 million, such to seamlessly pursue its planned investments focussed on finalising the company development.

Notes to the financial statements, first part

In their extraordinary meeting of 17 June 2022, the shareholders approved the company's transformation into a company limited by shares, as well as the share capital issue against payment and in one or more tranches and excluding the right of first refusal pursuant to article 2441.5 of the Italian Civil Code for the listing procedure for trading on Euronext Growth Milan ("EGM"). The share capital increase entailed the issue of new ordinary shares without nominal value.

The newly-issued shares were offered exclusively: (A) to qualified investors, as defined by article 2.e of Regulation (EU) 2017/1129 (the "Regulation on prospectuses"), all applicable regulations of Legislative decree no. 58/1998 (the "Consolidated Finance Act", or "TUF") and Consob implementing regulations, (B) in other member states of the European Economic Area pursuant to article 2.e of the Regulation on prospectuses, (C) in the United Kingdom pursuant to article 2.e of the Regulation on prospectuses, as part of UK domestic law under the European Union (Withdrawal) Act 2018 (as amended) and (D) to foreign institutional investors outside of the United States, Canada, Japan, Australia and South Africa, in accordance with Regulation S adopted pursuant to the 1933 Securities Act, as amended ("Private placement").

Pursuant to the shareholders' resolution referred to above and on the basis of the powers conferred on it, the company's board of directors set the subscription price of the ordinary shares to be offered on the market at €2.40 each, of which €0.01 share capital and the remainder share premium reserve. It set the number of ordinary shares to be issued as part of the share capital increase against payment approved by the shareholders at 11,375,000. Trading of the share commenced on 1 August 2022 after which its price is determined by the share market transactions.

The financial statements of Energy S.p.A. (the "company") as at and for the year ended 31 December 2022 have been prepared in accordance with the provisions of article 2423 and following articles of the Italian Civil Code, interpreted in the context of and integrated by the reporting standards promulgated by the Italian Accounting Standard Setter (the "OIC"). They consist of a balance sheet, a profit and loss account, a cash flow statement and these notes.

The cash flow statement shows the reasons for increases and decreases in liquid funds during the year and has been prepared under the indirect method, using the layout provided for by OIC 10.

These financial statements incorporate the changes introduced by Legislative decree no. 139/2015 applicable for annual reporting periods beginning on or after 1 January 2016 and the resulting amendments to the OIC. Each balance sheet, profit and loss account and cash flow statement caption presents the corresponding figures of the previous year. Where necessary, the latter were reclassified for comparative purposes and the related effects are disclosed in the notes, if material.

The amounts presented in the balance sheet, profit and loss account and cash flow statement are in Euros, without decimal points, while those disclosed in the notes are expressed in thousands of Euros, except as otherwise specified.

If the disclosures required by law are insufficient to give a true and fair view, all other necessary information is provided.

The post-balance sheet events and the proposed allocation of the net profit for the year are presented in specific sections of these notes.

These notes do not include the effects of recognition, measurement, presentation and disclosure requirements which are immaterial for the purposes of giving a true and fair view. Their non-inclusion will be pointed out in the notes.

Reference to tax legislation refers to the provisions of the Consolidated income tax act ("TUIR"), set out in Presidential decree no. 917/1986 as amended.

These notes have been prepared in compliance with the constraints imposed by the XBRL taxonomy currently in force.

Basis of preparation

Basis of preparation of financial statements

Pursuant to article 2423.2 of the Italian Civil Code, these financial statements provide a true and fair view of the company's financial position, financial performance and cash flows.

The following general principles were observed in the preparation of these financial statements:

- the captions were measured in accordance with the principle of prudence. The company measured the individual assets and liabilities separately, in order to avoid offsetting profits on certain items against losses on other items. Accordingly, it recognised profits only if realised before the reporting date, whereas it considered risks and losses on an accruals basis, even when they became known after the reporting date. Moreover, no items that could be recognised under more than one caption are included in the individual captions;
- captions were recognised and presented in accordance with the substance over form principle. The company checked the correctness of the recognition or derecognition of assets, liabilities, revenues and costs based on a comparison of the reporting standards and the contractual rights and obligations of the transactions;
- the company recognised income and expense pertaining to the year regardless of when they are collected or paid. They were, therefore, recognised in the profit and loss account on an accruals basis in order to be included in the net profit or loss for the year. Costs and revenues for the year are recognised on a matching basis;
- the company complied with the principles of measurement consistency, i.e., the accounting policies were not modified from the previous year to ensure the comparability of the financial statements from one year to the next, except in cases where necessary for the purposes of providing a true and fair view;
- the materiality of the captions was assessed considering the financial statements as a whole and both qualitative and quantitative factors;
- the financial statements were prepared in order to be comparable over time. Accordingly, for each balance sheet and profit and loss account caption, the corresponding prior year figures were presented, except in exceptional cases where one or more captions were not comparable or could not be reclassified. Where necessary, the latter were reclassified for comparative purposes and the related effects are disclosed in the notes, if material.

Basis of presentation

The layout of the balance sheet and profit and loss account is as follows:

- the balance sheet and profit and loss account comply with the provisions of articles 2423-ter, 2424 and 2425 of the Italian Civil Code;
- the balance sheet and profit and loss account are recognised in accordance with the principles of articles 2424-bis and 2425-bis of the Italian Civil Code.

The cash flow statement is prepared in compliance with article 2425-ter of the Italian Civil Code and pursuant to the provisions of OIC 10 "Cash flow statement".

The notes are prepared in compliance with articles 2427 and 2427-bis and other provisions of the Italian Civil Code, as well as pursuant to other specific legislation. They include all additional disclosures deemed necessary to provide a true and fair view of the company's financial position and financial performance, even when not required by specific legal provisions.

Pursuant to the provisions of article 2423-ter.6 of the Italian Civil Code, it is hereby noted that no legally-permitted offsetting of items has taken place.

Pursuant to article 2423-bis.1.1 of the Italian Civil Code, the financial statements captions have been measured on a going-concern basis, even considering the effects of the Covid-19 pandemic, and, from February 2022, of the war in Ukraine on the Italian and global economy. There were no negative effects, as the revenues for the year did not contract but in fact grew significantly over those of the previous year.

Exceptional events pursuant to article 2423.5 of the Italian Civil Code

There were no exceptional events which would have led the company to depart from the accounting policies, as permitted by article 2423.4/5 of the Italian Civil Code.

Changes in accounting policies

There were no exceptional events which would have led the company to depart from the accounting policies, as permitted by article 2423-bis.2 of the Italian Civil Code.

Comparability and reclassification

Pursuant to article 2423-ter of the Italian Civil Code, it is hereby noted that all financial statements captions are comparable with those of the previous year and it was therefore not necessary to reclassify any prior year captions.

Payments on account to suppliers to purchase goods forming part of inventory have been reclassified to provide disclosure more aligned with OIC 13. As will be described in more detail in the relevant section of these notes, these payments on account have been recognised in balance sheet caption C.I.5. In order to maintain comparability between the items of these financial statements and those of the previous year, the 2021 figures have also been reclassified.

Accounting policies

The criteria applied to measure and adjust the financial statements captions comply with the provisions of the Italian Civil Code and the accounting policies issued by the OIC. They are unchanged from those of the previous year.

Pursuant to article 2427.1.1 of the Italian Civil Code, the most important measurement criteria adopted pursuant to the provisions of article 2426 of the Italian Civil Code are described below, particularly as relates to those financial statements captions for which the legislator envisages various measurement and adjustment criteria or for which there are no specific criteria.

Foreign currency amounts are translated into Euro at the spot exchange rate ruling on the date of their recognition, or the year-end exchange rate in line with the provisions of OIC 26.

Intangible fixed assets

As they satisfy the requirements of the accounting policies, intangible fixed assets are recognised in the balance sheet assets at purchase or development cost and are amortised on a straight-line basis over their income-generating potential.

The acquisition cost includes the related transaction costs. The development cost includes all directly attributable costs and the reasonably attributable portion of other costs incurred from development up to when the asset is available for use.

They are shown net of accumulated amortisation and write-downs.

Amortisation is recognised based on the following schedule which is deemed to correctly allocate the cost incurred over the relevant asset's income-generating potential:

Intangible fixed assets	Period
Start-up and capital costs	5 years
Development costs	5 years
Industrial patents and intellectual property rights	3 years
Concessions, licences, trademarks and similar rights	from 5 to 10 years
Other	Contract term

The assets or costs are amortised on a straight-line basis over their residual income-generating potential. Pursuant to article 10 of Law no. 72 of 19 March 1983 and as reiterated in subsequent monetary revaluation laws, it is hereby noted that the recognised intangible fixed assets have never undergone monetary revaluation. The related capitalised costs have not been written down pursuant to article 2426.1.3 of the Italian Civil Code as there are no indications of impairment losses under OIC 9.

Start-up and capital costs

Start-up and capital costs are recognised with the consent of the board of statutory auditors, as they have long-term income-generating potential. They are amortised over not more than five years.

Development costs

Development costs are recognised with the consent of the board of statutory auditors as, based on a prudent judgement, they satisfy the characteristics required by OIC 24: they are recoverable and relate to specific development projects that are feasible and for which the company has the required resources. Moreover, they relate to a clearly defined, identifiable and measurable product or process. As their income-generating potential can be reliably estimated, development costs are amortised over this period.

Concessions, licences, trademarks and similar rights

Concessions, licences, trademarks and similar rights are recognised at purchase cost including the related costs. They are amortised to the extent legally or contractually permitted.

Assets under development and payments on account

Assets under development recognised under caption B.I.6 are initially recognised when the initial costs to develop the asset are incurred and they include the related internal and external costs. These costs remain in this caption until the project is complete and they are not subject to amortisation until such time.

Tangible fixed assets

Tangible fixed assets are recognised upon transfer of the risks and benefits related to the purchased asset. They are measured at purchase cost, including any directly-related charges incurred up to when the asset is available for use and to the extent of their recoverable amount. Tangible fixed assets are recognised net of accumulated depreciation and write-downs.

The carrying amount of these assets, which are grouped by category and year of purchase, is allocated over the years in which they are expected to be used. This takes place through the systematic recognition in the profit and loss account of the related depreciation based on depreciation schedules established when the asset is available and ready for use and reflecting their estimated residual useful life. The schedules are checked annually and are based on the asset's gross amount and assuming a zero recoverable amount at the end of the process.

Depreciation of tangible fixed assets, which have a finite useful life, follows the following schedule:

Tangible fixed assets	Rate (%)
Land	0%
Plant and machinery	15%
Industrial and commercial equipment	15%
Transport vehicles	20%
Ordinary office furniture and equipment	12%
Electronic office equipment	20%

Such rates are halved in the first year in which the asset is purchased, resulting in depreciation that does not differ significantly from that calculated from the time the asset is available for use.

The depreciation rates are unchanged from those of the previous year.

Pursuant to article 10 of Law no. 72 of 19 March 1983 and as reiterated in subsequent monetary revaluation laws, it is hereby noted that the recognised tangible fixed assets have never undergone monetary revaluation. They have not been written down pursuant to article 2426.1.3 of the Italian Civil Code as there are no indications of impairment losses under OIC 9.

Land and buildings

With particular reference to the buildings, they are not depreciated as they do not incur significant impairment losses due to use.

The company has recognised the land underlying its building separately. It is not depreciated given its infinite useful life.

Land is not depreciated as it has an infinite useful life.

Assets under construction and payments on account

Payments on account to suppliers for tangible fixed assets in caption B.II.5 are initially recognised only when the related payments are due. Accordingly, they are not depreciated.

This caption also includes tangible fixed assets under construction, which are recognised when the initial costs to construct the asset are incurred and they include the related internal and external costs. These costs remain in this caption until the project is complete and they are not subject to depreciation until such time.

Financial fixed assets

Financial receivables

Financial receivables are recognised at amortised cost, as defined by article 2426.2 of the Italian Civil Code, considering the time value of money and their estimated realisable value, pursuant to the provisions of article 2426.1.8 of the Italian Civil Code.

When the application of the amortised cost method and/or discounting of the financial receivables is irrelevant, they are recognised at estimated realisable amount in order to give a true and fair view of the company's financial position and financial performance. This occurred, for instance, in the case of financial receivables due within one year or, as relates to the amortised cost criterion, when the transaction costs, commissions and any other difference between the original and settlement amounts at the due date are insignificant or, in case of discounting, when the interest rate based on contractual terms does not differ significantly from the market interest rate.

Inventory

Assets classified as inventory are initially recognised upon transfer of the risks and benefits related to the purchased asset. Inventory is initially measured at purchase or production cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.

Purchase cost is the actual cost paid upon purchase including related charges. The purchase cost of materials includes their price, transport costs, customs and other duties and other directly attributable costs. Returns, commercial discounts, rebates and bonuses are deducted from costs.

The company has adopted the weighted average cost model.

Current receivables

Receivables are rights to receive fixed or determinable amounts of cash or its equivalent, or assets/services having an equivalent value, from customers or other third parties at identified or identifiable due dates.

Receivables arising from the sale of goods and supply of services are recognised in accordance with the requirements set out in the section on revenues. The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current receivables or when transaction costs, commissions paid between the parties and any other difference between the original and recoverable amounts at the due date are insignificant.

In this case, receivables are initially recognised at their nominal amount, net of bonuses, discounts and allowances contractually provided for or, in any case, granted. They are subsequently measured at their nominal amount plus interest calculated at the nominal interest rate, reduced by principal and interest collected and net of estimated write-downs and expected credit losses recognised to adjust their carrying amount to their estimated realisable value.

Cash discounts and allowances that were not included in the calculation of the estimated realisable amount, as they could not be determined when the receivable was originally recognised, are recognised upon receipt as financial charges.

The company recognises receivables at their estimated realisable value by writing down their carrying amount through the provision for bad debts, in order to provide for any risk of impairment. The company considers specific indicators based on past trends and any other useful information about a probable impairment. The write-downs are estimated on an individual basis for significant receivables and collectively for the others, by calculating the expected impairment losses at the reporting date. The write-downs recognised in the provision for bad debts for receivables covered by guarantees consider the effects of enforcing the guarantees. In the case of insured receivables, write-downs are only limited to the portion not covered by the insurance policy, if compensation is reasonably certain.

Current financial assets

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the underlying);
- it requires no initial net investment or an initial net investment that is smaller than that required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it will be settled at a future date.

The company recognises a derivative when it becomes party to its contractual provisions, i.e., when it signs the contract and is, therefore, subject to its rights and obligations. It recognises derivatives, including embedded derivatives, at fair value.

At each reporting date, the company measures derivatives at fair value and presents them in the specific balance sheet captions as current or fixed (in the case of hedges of fixed assets or liabilities due after one year) assets, if their fair value is positive or under provisions for risks and charges, if their fair value is negative. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The company measures the fair value of unlisted derivatives using adequate valuation techniques and the assumptions, parameters and fair value hierarchy levels required by the relevant OIC.

Hedge accounting

A derivative qualifies for hedge accounting if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and hedging strategy;
- the hedging relationship meets the qualitative and quantitative hedge effectiveness requirements.

Therefore, if the company uses derivatives as hedges from a management perspective but the hedging relationship does not fully meet hedge accounting requirements, it recognises them based on the general treatment described earlier.

The hedge effectiveness is documented at initial recognition and also on an ongoing basis. At each reporting date, the company assesses whether the hedging relationship is still effective.

If all the requirements mentioned above are met, hedging relationships may be accounted for using the following models.

When hedging relationships only relate to derivatives with characteristics very similar to those of the hedged item and the derivative has been entered into at market conditions (for example, forwards or swaps with a fair value approximating nil) at initial recognition, the company applies the treatment applicable to simple hedges described below, if:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and hedging strategy;
- the main elements of the hedging instrument and hedged item (nominal amount, settlement date of cash flows, due date and underlying variable) match or nearly match and the counterparty's credit risk does not significantly affect the fair value of the hedging instruments and hedged item.

At each reporting date, the company checks that the effectiveness requirements described above are still met, including the credit risk of the counterparty to the hedging instrument and hedged item, which may trigger the discontinuation of the hedging relationship if it becomes significant.

The fair value gains or losses on both the hedging instrument and hedged item are fully recognised in the specific profit and loss account captions and the company is not required to calculate the difference to be taken to the profit and loss account captions relating to the hedged item.

The fair value gains or losses on the hedging instrument are fully recognised in the specific net equity reserve and the company is not required to calculate the ineffective portion of the hedge to be taken to the profit and loss account. The same accounting treatments described above are applied to reclassify the amount accumulated in net equity.

The disclosures required by article 2427-bis.1 of the Italian Civil Code on the fair value of derivatives and those required by OIC 32 are provided in a specific section of these notes.

Liquid funds

Liquid funds are measured using the following criteria:

- cash, at nominal value;
- bank and postal account deposits and cheques, at their estimated realisable value, which coincides with their nominal value.

Prepayments and accrued income

Accrued income and expenses are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.

Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year or in previous years but pertaining to one or more subsequent years.

Accordingly, these captions comprise only portions of expenses and income relating to two or more years, whose amount varies on a time or economic accruals basis.

At each year end, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on its expected realisable value, whereas that of prepayments is based on the existence of future economic benefits matching the deferred costs.

Net equity

Transactions between the company and its owners (acting as owners) may result in receivables/payables from/to them. The company recognises a receivable when its owners take on an obligation and a payable when it takes on an obligation to them.

Capital injections with no repayment obligation are recognised under the relevant net equity caption, while shareholder loans with a repayment obligation are recognised under payables.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.

Provisions are recognised on an accruals basis for amounts that are expected to be paid or goods and services that will be supplied at the time the obligation is satisfied.

Accruals to provisions for risks and charges are primarily recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature. The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at the reporting date.

Moreover, in estimating accruals to provisions for charges, the company may consider the related time horizon, if a reasonable estimate of the amount required to settle the obligation and its due date is possible and the latter is so far into the future that the obligation's present value and estimated liability will be considerably different at that settlement date.

The provisions for risks and charges recognised in previous periods are reviewed to check their appropriate measurement at the reporting date.

The provisions are subsequently used directly and solely for those costs and liabilities for which they were originally set up. If they are not sufficient or are redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.

Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the changes in legislation introduced by Law no. 296/2006. It is a remuneration cost whose nature is certain and is recognised on an accruals basis each year. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid. It is net of any portions transferred to supplementary pension funds or the treasury fund managed by INPS (the Italian social security institution).

The related liability is the amount that the company would have paid had all employees left at the reporting date. The amount due to employees who had already left the company at the reporting date but that will be paid in the following year is reclassified to payables.

Payables

Payables are specific and certain liabilities that are obligations to pay fixed or determinable sums of cash or its equivalent to financial backers, suppliers or other parties. They are classified to the various liability captions depending on their nature (or origin) in line with the company's ordinary activities and regardless of their due date.

Payables arising from the purchase of goods and services are recognised in accordance with the requirements set out in the section on costs. Loans and borrowings and payables unrelated to the procurement of goods and services are recognised when the company has a legal or contractual obligation vis-a-vis the counterparty.

Payables for advances from customers are recognised when the right to collect the advance arises. Payables are recognised at amortised cost, considering the time value of money.

The amortised cost method is not applied when its effects are irrelevant, which is usually the case for current payables or when transaction costs, commissions paid between the parties and any other difference between the original and settlement amounts at the due date are insignificant.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recognised in Euros, applying the transaction-date spot rate between the Euro and foreign currency to the foreign currency amount.

Foreign currency monetary items, including the provisions for risks and charges related to foreign currency liabilities, are translated using the closing rates. Any resulting gains or losses are taken to the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the transaction-date exchange rate. Consequently, any exchange rate gains or losses are not recognised separately. Any unrealised net exchange rate gain on foreign currency monetary items forms part of the net profit or loss for the year and, when the financial statements and consequent allocation or coverage of the net profit or loss for the year are approved, it is recognised in an undistributable reserve. Should the net profit for the year be smaller than the unrealised net exchange rate gain, the amount recognised in the undistributable reserve is equal to the net profit for the year.

Accrued expenses and deferred income

Revenues from the sale of products and goods or the provision of services attributable to the company's core business are stated net of returns, allowances, discounts and premiums, as well as taxes directly related to the sale of goods or provision of services, in compliance with the accruals and prudence concepts.

Revenues from the sale of goods are recognised when the production process for the goods has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter. Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out.

Production cost is stated net of returns, allowances, discounts and premiums. Costs incurred for the procurement of goods are recognised when the production process for the goods has been completed, upon the substantial transfer of title, with the transfer of risks and benefits being the key parameter. Costs for services are recognised once the services have been delivered, i.e., when they have been carried out.

Revenues and income, costs and charges relating to foreign currency transactions are translated using the spot exchange rate ruling on the date of the relevant transaction.

Gains and losses from repurchase agreements, including those arising from the difference between the spot and forward prices, are recognised on an accruals basis.

Grants related to income accruing either by law or contractual provisions are recognised on an accruals basis when the company is certain that it is entitled thereto.

Turnover from sales and services

Revenues are stated on an accruals basis net of returns, allowances, discounts and premiums, as well as directly-related taxes. Revenues from the sale of goods are recognised upon the substantial rather than formal transfer of title, with the transfer of risks and benefits being the key parameter for the substantial transfer.

Revenues from the provision of services are recognised once the services have been provided, i.e., when they have been carried out. In the case of ongoing services, revenues are recognised on an accruals basis.

Internal work capitalised

Internal work capitalised is recognised at production cost including the direct costs (materials and direct labour, design costs, external supplies, etc.) and the reasonably attributable portion of production overheads incurred

from development up to when the asset is available for use. It also includes any borrowing costs related to production calculated using the same criteria.

Other revenues and income

Grants related to income are recognised on an accruals basis when the company is certain that it is entitled thereto in caption A5, as they are supplementary to revenues from core business and/or decrease costs and charges related to core business.

Income taxes

Current income taxes are calculated on the basis of a realistic forecast of the taxable profit under the relevant tax legislation, applying the enacted tax rates at the reporting date. The related tax payable is stated in the balance sheet, net of payments on account, withholding taxes and tax receivables which may be offset and have not been claimed for reimbursement. A tax asset is recognised for payments on account, withholdings and receivables exceeding the taxes payable. Tax receivables and payables are measured at amortised cost, except when they are due within one year.

Deferred tax assets and liabilities are calculated on the accumulated amount of all temporary differences between the carrying amounts of assets and liabilities and their tax base that will reverse in subsequent years. Deferred tax assets and liabilities are recognised when the temporary differences arise and are calculated at the tax rates that will be applicable in the year in which the temporary differences reverse, if they have already been established at the reporting date, otherwise at the enacted tax rates at the reporting date.

Income taxes are recognised based on taxable income calculated pursuant to the effective rates; they reflect both the current and deferred tax charges.

The current tax charge is calculated by applying:

- for income taxable for IRES purposes, the ordinary rate of 24%;
- for income taxable for IRAP purposes, the rate of 3.90% to the portion of income related to the Veneto Region and 1.50% to that related to the Trento Autonomous Province.

Deferred tax assets and liabilities deriving from temporary differences between asset and liability values under statutory criteria and their corresponding tax values are calculated using the method set out in OIC 25, applying the rate of 24% for IRES and 3.29% for IRAP.

Use of estimates

The preparation of financial statements requires management to make estimates that affect the carrying amount of assets and liabilities and the related disclosures. Actual results may differ. Estimates are revised regularly and the effect of any changes, if not due to errors, is recognised in the profit and loss account when the estimates are changed, if they affect just one year, and also in the following years, if they affect both the current and subsequent years.

Other information

Repurchase agreements

Pursuant to article 2427.6-ter of the Italian Civil Code, the company states that it has not undertaken any repurchase agreements during the year.

Notes to the assets

Changes in the individual financial statements captions are analysed below pursuant to current legislation.

Fixed assets

Intangible fixed assets

Changes of the year in intangible fixed assets are shown below:

Balance at 31.12.2022	4,315,087
Balance at 31.12.2021	548,914
Change	3,766,173

Changes in intangible fixed assets

After the recognition of the amortisation of the year of €563,566 in the profit and loss account, intangible fixed assets amount to €4,315,087.

The changes of the year are shown in the following table:

	Start-up and capital costs	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Assets under development and payments on account	Other	Total
Opening balance							
Cost	5,132	1,355,418	128,319	7,816	-	-	1,496,685
Accumulated amortisation	5,132	871,385	68,128	3,126	-	-	947,771
Carrying amount	-	484,033	60,191	4,690	-	-	548,914
Changes of the year							
Purchases	3,139,597	354,327	18,385	1,300	666,938	155,941	4,336,488
Amortisation charges	266,915	232,536	28,552	890	-	34,672	563,565
Other changes	-	-	(6,750)	-	-	-	(6,750)
<i>Total changes</i>	<i>2,872,682</i>	<i>121,791</i>	<i>(16,917)</i>	<i>410</i>	<i>666,938</i>	<i>121,269</i>	<i>3,766,173</i>
Closing balance							
Cost	3,139,597	1,709,745	146,704	9,116	666,938	155,941	5,828,041
Accumulated amortisation	266,915	1,103,921	103,430	4,016	-	34,672	1,512,954
Carrying amount	2,872,682	605,824	43,274	5,100	666,938	121,269	4,315,087

Analysis of long-term costs

Start-up and capital costs

The following table breaks down the start-up and capital costs, showing the changes of the year. The reasons for their recognition and the respective amortisation criteria are set out above.

	Breakdown	31/12/2022	31/12/2021	Change	Change (%)
<i>Start-up and capital costs</i>					
	Listing costs	3,139,597	-	3,139,597	-
	Start-up costs	-	5,132	(5,132)	(100.0)
	Accumulated amortisation - listing costs	266,915	-	(266,915)	-
	Accumulated amortisation - start-up costs	-	(5,132)	5,132	(100.0)
	Total	2,872,682	-	2,872,682	

Listing costs are those incurred by the company in 2022 for consulting services received and the charges incurred to list its shares on the Euronext Growth Milan market. The company was listed on 28 July 2022 and trading of its shares commenced on 1 August 2022.

Development costs

The following table breaks down the development costs, showing the changes of the year. The reasons for their recognition and the respective amortisation criteria are set out above.

	Breakdown	31/12/2022	31/12/2021	Change	Change (%)
<i>Development costs</i>					
	Development costs	1,709,745	1,355,418	354,327	26.1
	Accumulated amortisation - development costs	(1,103,921)	(871,385)	(232,536)	26.7
	Total	605,824	484,033	121,791	

Development costs with a carrying amount of €605,824 relate to previous development projects and new projects for the residential segment and XL systems for the commercial and industrial segment.

Development costs were capitalised as they comply with the following provisions of OIC 24:

- they relate to a clearly defined product or process and are identifiable and measurable, i.e., they are directly related to the product, process or project for which they incurred;
- they relate to a technically feasible project for which the company has the required resources;
- they are recoverable, i.e., the company expects that the revenues from the project will be adequate to cover the costs incurred.

As they satisfy the requirements, the company recognised development costs of €354,327 during the year in relation to:

- the purchase of materials used in development activities for €9,902;
- external consulting services for €81,575;
- wages and salaries of personnel involved in development activities for €262,850.

Development costs are amortised on a straight-line basis over their useful life, estimated to be five years.

As a result of the activities carried out during the year, the company intends to access the tax credit provided for in Article 1, paragraphs 198-209 of Law 160/2019 et seq.

Since the quantification of research and development costs eligible for tax relief differs from the rules on the preparation of financial statements, additional analysis will be required as a result of which the amount of subsidized costs may differ from the amount now capitalized.

Industrial patents and intellectual property rights

This caption includes the costs incurred for industrial patents, software licences and for the purchase and development of proprietary software.

It increased by a total of €18,385 during the year for development costs for software already held by the company.

Concessions, licences, trademarks and similar rights

This caption includes the costs incurred to acquire trademarks against payment, the cost of which is amortised on a straight-line basis.

Costs of €1,300 incurred during the year to transfer the trademarks were recognised in this caption.

Assets under development and payments on account

The company made large investments during the year that can be divided into two groups. On the one hand, significant works totalling €496,737 were carried out on the operating building in Sant'Angelo di Piove di Sacco (Padua), held under a rent-to-buy contract. These works were carried out to upgrade the building for the

company's operations and growth. The rent-to-buy contract was agreed on 23 December 2021 and gives Energy the right to purchase the building in 2024.

Further investments of €170,201 were incurred for the development of the "Cloud XL" platform involving an internal team during the year and which will continue to be developed in 2023.

At the reporting date, all these investments (totalling €666,938) were still underway and are therefore presented in this caption.

Other

This caption includes the costs incurred to upgrade the aforementioned building held under a rent-to-buy contract. The total costs incurred come to €155,941.

Tangible fixed assets

Changes of the year in tangible fixed assets are shown below:

Balance at 31.12.2022	1,608,172
Balance at 31.12.2021	38,646
Change	1,569,526

Changes in tangible fixed assets

Tangible fixed assets including the accumulated depreciation amount to €1,678,442. Accumulated depreciation amounts to €70,270.

The changes of the year are shown in the following table:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Opening balance						
Cost	-	6,689	19,691	51,348	-	77,728
Accumulated depreciation	-	6,647	3,920	28,515	-	39,082
Carrying amount	-	42	15,771	22,833	-	38,646
Changes of the year						
Purchases	1,196,597	40,540	181,461	68,216	113,900	1,600,714
Depreciation charges	-	3,077	13,774	14,337	-	31,188
<i>Total changes</i>	<i>1,196,597</i>	<i>37,463</i>	<i>167,687</i>	<i>53,879</i>	<i>113,900</i>	<i>1,569,526</i>
Closing balance						
Cost	1,196,597	47,229	201,152	119,564	113,900	1,678,442
Accumulated depreciation	-	9,723	17,694	42,853	-	70,270
Carrying amount	1,196,597	37,506	183,458	76,711	113,900	1,608,172

Land

On 9 September 2022, the company purchased full ownership of a commercial and production building complex in the Sant'Angelo di Piove di Sacco (Padua) municipality adjacent to the building already held under a rent-to-buy contract as described in the previous section of these notes.

The building purchased is in such a dilapidated state that the company plans to demolish and rebuild it. This caption includes not only the purchase cost (€1,137,000) and related charges incurred at the time of signing the title deeds, but also the expenses incurred up to 31 December 2022 for the building's demolition.

Plant and machinery

This caption mainly includes the new roller rig used for the assembly of some components.

Industrial and commercial equipment

This caption includes the equipment used in the production process as well as the new shelving purchased in 2022 (€144,064) and installed at the Sant'Angelo di Piove di Sacco facility to increase storage capacity in the company's warehouses.

Other assets

This caption includes the costs incurred for the purchase of office equipment, lifting transport vehicles and furniture and fittings. The increase of the year mainly relates to additional forklifts (€35,700) and transpallets (€7,960).

Assets under construction and payments on account

At the reporting date, this caption includes both the payments on account paid to the company engaged to demolish the building purchased in September 2022 (€87,000) and those paid to the suppliers of new production plant that will be delivered in the first half of 2023 (€7,500), as well as those for the development of a new project involving a team internal to the company (€19,400).

Finance leases

The company has no finance leases at the reporting date.

Financial fixed assets

Changes of the year in financial fixed assets are shown below:

Balance at 31.12.2022	155,965
Balance at 31.12.2021	58,281
Change	97,684

Changes and due date

The changes of the year are shown in the following table:

	Opening balance	Changes of the year	Closing balance	Amount due after one year
From others	58,281	97,684	155,965	155,965
Total	58,281	97,684	155,965	155,965

Financial fixed assets are comprised of guarantee deposits for utilities (€2,024) and for lease contracts underway (€45,941). They also include payments on account for the purchase of the Sant'Angelo di Piove di Sacco building currently held under a rent-to-buy contract (€108,000).

There are no financial receivables due after more than five years.

Financial receivables by geographical area

Financial fixed assets are analysed by geographical area in the following table:

	From others	Total
Italy	155,965	155,965
Total	155,965	155,965

All financial receivables relate to parties resident in Italy.

Carrying amount of the financial fixed assets

The carrying amount of the financial fixed assets does not exceed their fair value.

Current assets

Current assets, under section C of the balance sheet assets, are comprised of the following sub-sections:

- I - Inventory;
- II - Receivables;
- III - Current financial assets;
- IV - Liquid funds.

Current assets total €100,651,694 at 31 December 2022, an increase of €80,679,627 on the previous year.

Details of each sub-section and its captions are provided below, in accordance with the layout of the XBRL taxonomy.

Inventory

Inventory is recognised in sub-section C.I.4 of the balance sheet assets for a total of €55,625,949.

The table below shows the changes of the year in the captions comprising inventory.

Pursuant to OIC 13, caption C.I.5 includes payments on account to suppliers of €5,711,549. To ensure comparability, the previous year-end figure has also been reclassified accordingly, transferring the relevant amount from caption C.II.5-quater From others.

	Opening balance	Changes of the year	Closing balance
Finished goods	5,257,720	50,368,229	55,625,949
Payments on account	1,404,376	4,307,173	5,711,549
<i>Total</i>	<i>6,662,096</i>	<i>54,675,402</i>	<i>61,337,498</i>

A provision for inventory write-down adjusting the overall amount of inventory was recognised to take into account the unlikely future use of certain items in inventory.

The provision changed as follows in 2022:

	Opening balance	2022 release	2022 accrual	Closing balance
Provision for inventory write-down	(58,540)	21,347	(44,384)	(81,576)
<i>Total</i>	<i>(58,540)</i>	<i>21,347</i>	<i>(44,384)</i>	<i>(81,576)</i>

The inventory value shown in caption C.I.4 is net of the related provision for inventory write-down.

The accrual to the provision is recognised under caption B) 11 - Change in raw materials, consumables, supplies and goods in the profit and loss account. The release of the provision was included in the same caption of the profit and loss account to adjust the amount recognised previously.

Current receivables

At the reporting date, sub-section C.II Receivables of the balance sheet assets includes the following captions:

- 1) trade receivables
- 5-bis) tax receivables
- 5-ter) deferred tax assets
- 5-quater) from others

Receivables are classified in current assets based on their purpose in the company's ordinary operations.

Pursuant to article 2426.1.8 of the Italian Civil Code, receivables are recognised at amortised cost, considering the time value of money and their estimated realisable value.

Amortised cost is the amount at which a receivable is measured at initial recognition net of principal repayments, increased or decreased by accumulated amortisation/depreciation using the effective interest criterion on any difference between the initial value and at the due date and less any impairment loss or non-recoverability.

Changes and due date

The total amount of receivables is recognised in sub-section C.II of the balance sheet assets for a total of €23,189,793.

The following table sets out the changes in receivables and, where significant, details of their due date.

	Opening balance	Change	Closing balance	Amount due within one year	Amount due after one year
Trade receivables	9,728,798	13,322,825	23,051,623	23,051,623	-
Tax receivables	460,250	(370,407)	89,843	84,853	4,990
Deferred tax assets	62,117	(13,796)	48,321	-	-
From others	1,049,412	(1,049,406)	6	6	-
Total	11,300,577	11,889,216	23,189,793	23,136,482	4,990

Trade receivables

The company has not measured trade receivables at amortised cost, nor has it discounted them, as they are all due within one year.

Accordingly, the trade receivables in caption C.II.1) are recognised at their estimated realisable value, which corresponds to the difference between their nominal value and the provision for bad debts.

	Opening balance	2022 release	2022 accrual	Closing balance
Provision for bad debts	2,401	-	3,769	6,170
<i>Total</i>	<i>2,401</i>	<i>-</i>	<i>3,769</i>	<i>6,170</i>

Tax receivables

These receivables are recognised at nominal value, which coincides with estimated realisable value and equal €89,843.

This caption may be analysed as follows:

Tax receivables	Closing balance
VAT	36,107
Third instalment of the 2020 R&D tax credit	16,663
Tax credit for new operating assets, 2022	14,971

Tax receivables	Closing balance
Tax credit for advertising investments, 2021	8,185
Credit from the Autonomous Province of Trento for investments made in the province	11,584
Other	2,333
Total	89,843

Deferred tax assets

Pursuant to OIC 25, caption C.II 5-ter of the balance sheet assets includes the deferred tax assets of €48,321. These are “current” taxes (IRES and IRAP) for the year connected with “deductible temporary differences”. Their recovery through sufficient taxable profits when the differences will reverse the company is reasonably certain. The section on “Income taxes, current and deferred” provides a breakdown of deferred tax assets.

From others

To improve comparability, “C.II 5-quater – Other receivables” in the 2021 financial statements were reclassified as follows:

	31/12/2021	31/12/2021 reclassified
From others	2,453,788	1,049,412
Total	2,453,788	1,049,412

Current receivables by geographical area

Current receivables are analysed by geographical area in the following table:

	Trade receivables	Tax receivables	Deferred tax assets	Other receivables	Total
Italy	20,568,787	89,843	48,321	6	20,706,957
Other EU countries	1,791,073	-	-	-	1,791,073
Rest of Europe	-	-	-	-	-
Rest of world	691,763	-	-	-	691,763
Total	23,051,623	89,843	48,321	6	23,189,793

Trade receivables increased 137% over the previous year end as a result of the greater turnover of 2022. For comparative purposes, trade receivables at 31 December 2021 came to €9.73 million, of which €9.46 million due from parties resident in Italy. The company therefore was able not only to significantly increase its market share in Italy but also to expand to other markets, as shown by the large increase in receivables due from parties resident in other EU countries (€20,597 at 31 December 2021) and from non-EU parties (€242,951 at 31 December 2021).

Current financial assets

Change in current financial assets

Changes in current financial assets are shown in the following table:

	Opening balance	Changes of the year	Closing balance
Derivatives	14,779	146,671	161,450
<i>Total</i>	<i>14,779</i>	<i>146,671</i>	<i>161,450</i>

At 31 December 2022, caption C.III.5 of the assets includes the mark-to-market value (€161,450) of two derivatives hedging the interest rate on bank loans. A net equity reserve, the "Hedging reserve" (sub-category A.VII) of €122,702 was recognised as a balancing item, along with an accrual to the provision for deferred taxation of €38,748.

Liquid funds

The following table sets out the changes in liquid funds, corresponding to the amounts held in bank current accounts and petty cash at the reporting date.

	Opening balance	Changes of the year	Closing balance
Bank and postal accounts	1,994,571	13,968,184	15,962,755
Cash-in-hand and cash equivalents	44	154	198
<i>Total</i>	<i>1,994,615</i>	<i>13,968,338</i>	<i>15,962,953</i>

Liquid funds also include part of the financial resources raised through the IPO on the EGM market. As expected, in the 2022-2024 period, part of the amount raised will be used for industrial investments, part for M&A activities and part for the commercial development and the *zeroCO2* brand.

Prepayments and accrued income

The changes in prepayments and accrued income are shown in the following table:

	Opening balance	Change	Closing balance
Prepayments	52,162	(19,944)	32,218
Total prepayments and accrued income	52,162	(19,944)	32,218

Prepayments and accrued income are broken down as shown in the financial statements in the following table:

	Breakdown	31/12/2022
<i>ACCRUED EXPENSES AND DEFERRED INCOME</i>		
	Insurance prepayments	11,590
	Maintenance and assistance services prepayments	12,159
	Accrued income on costs to participate in trade fair	3,840
	Other accrued income	4,629
	Total	32,218

All accrued income is due within one year.

Capitalised financial charges

As all interest and other financial charges are fully expensed, no financial charges are expected to be capitalised for the purposes of article 2427.1.8 of the Italian Civil Code.

Notes, liabilities and net equity

Changes in the individual financial statements captions are analysed below pursuant to current legislation.

Net equity

Net equity is the difference between balance sheet assets and liabilities. Net equity captions are recognised in the liabilities under section A “Net equity”, as follows:

- I – Share capital
- II – Share premium reserve
- III – Revaluation reserves
- IV – Legal reserve
- V – Statutory reserves
- VI - Other reserves, indicated separately
- VIII – Hedging reserve
- VIII – Retained earnings/(losses carried forward)
- IX – Net profit (loss) for the year
- X – Reserve for own shares

Changes in net equity captions

Net equity amounts to €59,897,383 and increased by €50,019,119 over the previous year end.

This is largely due to the finalisation of the company’s listing on the EGM market, whereby the company raised €27.3 million. Another factor contributing to the increase was the net profit for 2022, which topped €22.6 million.

With reference to 2022, the following tables show the changes in the individual net equity captions, as well as details of any reserves.

	Opening balance	Allocation of the previous year’s net profit - Other allocations	Other changes - Increase	Other changes - Decrease	Net profit for the year	Closing balance
Share capital	10,000	-	603,750	-	-	613,750
Share premium reserve	-	-	27,186,250	-	-	27,186,250
Legal reserve	4,874	-	-	-	-	4,874
Extraordinary reserve	5,210	-	-	-	-	5,210
Sundry other reserves	3	-	(1)	-	-	2
Total other reserves	5,213	-	(1)	-	-	5,212
Hedging reserve	11,232	-	111,470	-	-	122,702
Retained earnings	2,480,325	7,366,620	-	490,000	-	9,356,945
Net profit for the year	7,366,620	(7,366,620)	-	-	22,607,650	22,607,650
Total	9,878,264	-	27,901,469	490,000	22,607,650	59,897,383

Share capital

The company undertook various transactions which directly impacted the share capital in 2022.

In their extraordinary meeting of 17 June 2022, the shareholders approved the company's transformation into a company limited by shares. They also approved the free share capital increase, allocating part of retained earnings to share capital. Following this transaction, the share capital increased by €10,000 to €500,000.

Subsequently, on 18 July 2022 and 26 July 2022, the shareholders approved the conversion of some ordinary shares into special "price adjustment shares". This covered 15 million shares held by the majority shareholders. The purpose of the transaction was to introduce a mechanism to protect the value of the shares, and thus, the market investors, and is to be applied on a progressive linear basis if the company does not achieve its performance targets for 2022, 2023 and 2024.

Lastly, on 1 August 2022, the listing on the EGM market was finalised, via a further share capital increase offered to the market totalling €113,750, with the issue of 11,375,000 new ordinary shares. The new share capital was therefore set at €613,750.

On 17 June 2022, the directors were given the power to increase the share capital in one or more tranches up to a maximum of €15,000, via the issue of a maximum of 1,500,000 ordinary shares, at a unit subscription price of €0.01. The purpose of this share capital increase is to service the share-based payment plan which provides for a share subscription deadline of 31 December 2026.

Share premium reserve

The listing was achieved via the issue of 11,375,000 new ordinary shares at a placement price of €2.40, with the allocation of €0.01 to share capital and the remainder to the share premium reserve.

Availability and use of net equity

The net equity captions are analysed in the following tables, specifying their origin, possible use and distributability, and their use in the last three years.

	Amount	Origin/Type	Possible use	Available portion	Use in the past three years - for other reasons
Share capital	613,750	Share capital	B	613,750	-
Share premium reserve	27,186,250	Share capital	A;B;C	27,186,250	-
Legal reserve	4,874	Income	B	4,874	-
Extraordinary reserve	5,210	Income	A;B;C	5,210	-
Sundry other reserves	2	Share capital		-	-
Total other reserves	5,212	Share capital		-	-
Hedging reserve	122,702	Income	A;B	-	-
Retained earnings	9,356,945	Income	A;B;C	9,356,945	490,000
Total	37,289,733			37,167,029	490,000
Non-distributable portion				3,596,124	
Distributable portion				32,952,024	
Legend: A: share capital increases; B: to cover losses; C: dividend distributions; D: for other by-law constraints; E: other					

Change in the hedging reserve

Pursuant to article 2427-bis.1b-quater of the Italian Civil Code, the following table shows the changes in the hedging reserves in the year.

	Opening balance	Reconciliation differences	Closing balance
Hedging reserve	11,232	111,470	122,702

At the reporting date, the company recognised the derivative at its fair value of €161,450 under caption “C.III - Current financial assets” and a balancing entry in the Hedging reserve (sub-category A.VII).

The reserve will be released to the profit and loss account to the extent and when the cash flows of the underlying arise or are modified (or when the underlying transaction takes place).

The net equity reserves deriving from the fair value measurement of the derivatives used to hedge the cash flows expected from another financial instrument or planned transaction are not included in the net equity calculation for the purposes referred to in articles 2412, 2433, 2442, 2446 and 2447 of the Italian Civil Code and, if positive, are not available and cannot be used to cover losses.

Provisions for risks and charges

The following table sets out the changes in provisions for risks and charges:

	Opening balance	Accruals	Other changes	Total changes	Closing balance
Tax provision, including deferred tax liabilities	3,547	35,201	-	35,201	38,748
Other provisions	149,000	-	(53,513)	(53,513)	95,487
Total	152,547	35,201	(53,513)	(18,312)	134,235

Tax provision, including deferred tax liabilities

This caption includes the deferred tax liabilities calculated on the mark-to-market value of the hedging derivatives recognised in the balance sheet assets. The rate used to calculate deferred taxation is 24% IRES rate established by the tax legislation in force at the reporting date.

Other provisions

The product warranty provision was increased to €149,000 in the year in view of contractual commitments to customers to provide free assistance for the systems manufactured.

Following the application of the company policies, the costs that the company could conceivably be asked to cover to repair faults and to replace defective materials was again estimated in 2022. The estimate resulted in a partial release (€53,513) of the provision.

The company was involved in arbitration proceedings in 2022 regarding the interpretation of certain consulting contracts agreed with a financial advisor. The dispute is still pending at the reporting date. Via its legal advisors, the company rejects the counterparty’s requests in full and is confident of a positive outcome. For the purposes of the preparation of these financial statements, pursuant to OIC 31, the company deems the risk of losing to be only possible and therefore it has not accrued a specific provision for risks.

Employees’ leaving entitlement

Employees’ leaving entitlement is the actual amount due to employees in compliance with the law and current labour contracts, pursuant to article 2120 of the Italian Civil Code.

It is a remuneration cost whose nature is certain and is recognised on an accruals basis each year.

Pursuant to Law no. 296 of 27 December 2006 (the 2007 Finance Act), employees choose whether the employees' leaving entitlement accruing after 1 January 2007 is allocated to supplementary pension funds or held by the company, which then periodically transfers it to the INPS Treasury Fund.

The relevant accrual is recognised in caption B.9 c) of the profit and loss account for €96,132.

The related liability is the amount that the company would have paid had all employees left at the reporting date, net of advances paid.

Changes in employees' leaving entitlement are shown in the following table:

	Opening balance	Accruals	Use	Other changes	Total changes	Closing balance
EMPLOYEES' LEAVING ENTITLEMENT	152,351	96,132	116,440	(1,203)	(21,511)	130,840
Total	152,351	96,132	116,440	(1,203)	(21,511)	130,840

The uses include the employees' leaving entitlement transferred to the INPS Treasury Fund, supplementary pension funds and to employees for advances and/or on leaving the company.

Payables

The changes in payables are summarised in the following table:

Balance at 31.12.2022	46,459,730
Balance at 31.12.2021	10,441,915
Change	36,017,815

Changes and due date

The following table sets out the changes in payables and details of their due date:

	Opening balance	Change	Closing balance	Amount due within one year	Amount due after one year
Bank loans and borrowings	4,848,272	19,299,206	24,147,478	18,648,659	5,498,819
Payments on account	632,393	(404,105)	228,288	228,288	-
Trade payables	1,075,343	14,305,124	15,380,467	15,380,467	-
Tax payables	3,392,998	2,628,690	6,021,688	6,021,688	-
Social security charges payable	72,365	78,533	150,898	150,898	-
Other payables	420,544	110,367	530,911	530,911	-
Total	10,441,915	36,017,815	46,459,730	40,960,911	5,498,819

Bank loans and borrowings

Bank loans and borrowings are analysed in the following table:

	Unaccepted trade bills under reserve	Current loans	Non-current loans	Total
4)	6,920,772	10,179,631	7,047,075	24,147,478

Bank loans and borrowings due within one year are measured at their nominal value as the impact of the application of amortised cost is immaterial to measurement at nominal value.

Lastly, bank loans and borrowings due after one year were not measured at amortised cost as the effective interest rate is not significantly different to the market interest rate.

There are no payables due after 31 December 2027.

All bank loans have variable rates. To contain the risk linked to an increase in interest rates, the company had agreed two derivative contracts which are detailed in the relevant section of these notes.

Payments on account

Payments on account are recognised at their nominal value of €228,228 in caption D.6) of the liabilities. The company has not measured payments on account at amortised cost nor discounted them, as they all relate to payables that will be settled within one year and the effects of the application of amortised cost would be immaterial. The caption includes payments on account received from customers for the supply of goods.

Trade payables

Trade payables are recognised at their nominal value of €15,380,467 in caption D.7) Trade payables of the liabilities. The company has not measured trade payables at amortised cost nor discounted them, as all recognised trade payables will be settled within one year and the effects of the application of amortised cost would be immaterial.

Tax payables

Current tax payables are recognised based on a realistic estimate of taxable income (IRES) and production (IRAP) pursuant to the provisions in force, considering any applicable benefits and tax credits due. If the taxes to be paid are lower than the tax credits, the payments on account made and the taxes withheld, the resulting receivable is recognised under caption C.II.5-bis "Tax receivables" of the balance sheet assets.

The most important items making up the tax payables are:

- IRES for the year: €5,017,826;
- IRAP for the year: €693,602;
- taxes withheld as withholding agent: €306,689.

Social security charges payable

Social security charges payable are recognised at their nominal value of €150,898 in caption D.13) of the liabilities.

The company has not measured social security charges payable at amortised cost nor discounted them, as they all relate to payables that will be settled within one year and the effects of the application of amortised cost would be immaterial.

The most important items making up the social security charges payable are:

- contributions on the remuneration for the month of December and the thirteenth month salary to be paid to INPS: €111,257;
- contributions on the fourteenth month salary to be paid to INPS: €15,178.

Other payables

Other payables, recognised in caption D.14 of the liabilities, are all due within one year and are shown at nominal value. A breakdown of the caption at the reporting date is shown below:

Breakdown	31/12/2022
<i>Other payables</i>	
to directors and employees for remuneration	362,599
to employees for accrued charges	83,325
sundry	84,987

	Breakdown	31/12/2022
Total		530,911

Payables by geographical area

Payables are analysed by geographical area in the following table:

	Bank loans and borrowings	Payments on account	Trade payables	Tax payables	Social security charges payable	Other payables	Total
Italy	24,147,478	172,103	3,096,856	6,021,688	150,898	530,911	34,119,934
Other EU countries	-	56,185	2,880	-	-	-	59,065
Rest of Europe	-	-	290	-	-	-	290
Rest of world	-	-	12,280,441	-	-	-	12,280,441
Total	24,147,478	228,288	15,380,467	6,021,688	150,898	530,911	46,459,730

Payables secured by collateral on company assets

Pursuant to article 2427.1.6 of the Italian Civil Code, it is stated that there are no company liabilities secured by collateral.

Shareholder loans

The company has not received any loans from shareholders.

Accrued expenses and deferred income

The following table sets out the changes in accrued expenses and deferred income:

	Opening balance	Change	Closing balance
Accrued expenses	41,508	85,448	126,956
Deferred income	3,485	10,507	13,992
Total	44,993	95,955	140,948

Accrued expenses and deferred income are broken down as shown in the financial statements in the following table:

	Breakdown	31/12/2022
<i>ACCRUED EXPENSES AND DEFERRED INCOME</i>		
	Accrued interest expenses on bills	88,318
	Accrued expenses for insurance	38,607
	Other accrued expenses	31
	Deferred income for grants related to plant	13,992
	Total	140,948

The following table provides a breakdown of accrued expenses and deferred income due within and after one year, as well as after five years:

	Amount due within one year	Amount due after one year	Amount due after five years
Accrued expenses	126,956	-	-
Deferred income	1,959	7,369	4,664
Total	128,915	7,369	4,664

Notes, profit and loss account

The profit and loss account shows the profit or loss for the year.

It provides an overview of operations, collating the positive and negative income items that make up the net profit or loss for the year. These positive and negative income items are recognised pursuant to article 2425-bis of the Italian Civil Code and are grouped according to whether they relate to core business, non-core business or financial activities.

The core business includes revenues and costs generated by recurring transactions in the company's main operating sector, related to its specific operations and business purpose.

Financial activities comprise the transactions that generate financial income and charges.

Lastly, the non-core business is comprised of transactions that generate income as part of ordinary operations but which do not form part of the core business or financial activities.

Production revenues

This section of the notes comments on the captions of the profit and loss account for the year ended 31 December 2022 in the structure established by the XBRL taxonomy and in compliance with the provisions of article 2427 of the Italian Civil Code.

Although not expressly provided for by the Italian Civil Code, the distinction between core and non-core business has been maintained pursuant to OIC 12. This enables, exclusively on the revenues side, to distinguish those items that should be classified under caption A.1) "Turnover from sales and services" from those in caption A.5) "Other revenues and income".

Caption A.5 also includes grants related to income disbursed by various bodies, for instance, non-repayable grants and sundry tax credits, which have enabled the company to mitigate the impact of the Covid-19 pandemic on its financial position and financial performance.

	2022	2021	Change
A1) Turnover from sales and services	126,450,179	51,514,126	74,936,053
4) Internal work capitalised	441,040	38,790	402,250
5) Other revenues and income – Grants related to income	46,764	54,852	(8,088)
5) Other revenues and income – Other revenues	328,019	134,578	193,441
Total production revenues	127,266,002	51,742,346	75,523,656

Turnover from sales and services by geographical area

Turnover from sales and services is analysed by geographical area in the following table.

	2022
Italy	107,296,782

	2022
Other EU countries	16,770,394
Rest of Europe	1,500,233
Rest of world	882,770
Total	126,450,179

The Italian market continued to be the company's main market in 2022. This was a specific choice of management which aims to increase the market share to gain a leading role in the sector. Significant efforts were also made to increase the share on foreign markets, particularly those of the eurozone.

Internal work capitalised

Internal work capitalised of €441,040 in 2022, compared to €38,790 in 2021, increased by €402,250. This was mainly as a result of the investments of 2022 to develop the technology used in the large energy storage systems.

Other revenues

Caption A.5) includes the grants related to income disbursed by the Trentino-Alto Adige Region, the Autonomous Province of Trento, as well as the tax credit received for the advertising investments made in 2021. The total grants related to income recognised in caption A.5) of the profit and loss account equal €46,764 and include:

- the tax credit for incentives to Confidi Trentino Imprese companies (Law no. 6/1999);
- the grant disbursed by Trentino Sviluppo for the recruitment of managers specialised in innovation, digitalisation and the promotion of competitiveness through internationalisation.

Caption A.5) also includes other revenues which in 2022 mainly include transport reimbursements for €385,722 and the release of the provision for product warranties for €53,513.

Production cost

The costs and charges in section B of the profit and loss account, classified by nature, are shown net of returns, commercial discounts, allowances and premiums, while discounts of a financial nature are stated in caption C.16, as financial income.

Costs for raw materials, consumables, supplies and goods include related purchase costs (transport, insurance, loading and unloading, etc.) if the supplier has included them in the purchase price of the materials and goods. Otherwise, they are recognised under services (caption B.7).

Unrecoverable VAT is included in the purchase cost of goods. Captions B.6, B.7 and B.8 include not only certain costs as shown on the invoices received from suppliers, but also those of an estimated amount which are not yet documented, for which specific checks were carried out.

As the classification of costs "by nature" must prevail, accruals to the provisions for risks and charges are recognised under the core business captions to which the transaction relates, other than captions B.12 and B.13.

Net of returns, commercial discounts and allowances, the production cost for 2022 totals €95,690,835.

The tables for captions B.6) Raw materials, consumables, supplies and goods, B.7) Services, B.9) Personnel expenses, B.10) Amortisation, depreciation and write-downs, B.11) Change in raw materials, consumables, supplies and goods, B.14) Other operating costs, showing details of the costs for 2022 and 2021 and changes for the year are shown below.

Raw materials, consumables, supplies and goods

Costs for raw materials, consumables, supplies and goods amount to €137,458,627 for 2022, compared to €38,698,402 in 2021, an increase of €98,760,225, or around 355%. This increase is due to the higher raw materials costs and to the jump in sales revenues in 2022.

6) Raw materials, consumables, supplies and goods	2022	2021	Change
Finished goods	134,323,981	38,575,277	95,748,704
Customs duties	2,920,962	714,755	2,206,207
Warehouse and packaging costs	208,756	45,726	163,030
Stationery and forms	86,208	20,748	65,460
Consumables and maintenance	24,302	10,436	13,866
Returns and premiums on purchases	(105,582)	(668,540)	562,958
Total	137,458,627	38,698,402	98,760,225

Services

Costs for services amount to €5,818,967 for 2022, compared to €1,868,134 in 2021, an increase of €3,950,832 mainly due to the increase in transport costs during the year, the increase in directors' fees, as well as to the increase in costs for technical consultancy the company availed of during the year.

7) Services	2022	2021	Change
Transport	2,108,635	584,396	1,524,239
Directors' and independent auditors' fees	814,977	375,507	439,470
Commercial and contract cost consultancy	1,414,518	198,984	1,215,534
Marketing and entertainment	254,610	179,910	74,700
Insurance	334,183	129,662	204,521
Incidental personnel costs	230,932	125,221	105,711
Bank commissions and fees	218,163	117,001	101,162
Incidental services costs	133,715	77,341	56,374
Legal, tax and accounting consultancy	237,473	55,413	182,060
Utilities	62,959	13,584	49,375
Maintenance	8,802	11,116	(2,314)
Total	5,818,967	1,868,135	3,950,832

Personnel expenses

Personnel expenses amount to €1,868,509 in 2022, compared to €1,063,888 in 2021, an increase of €804,621. The increase is due exclusively to the greater number of employees working for the company.

9) Personnel expenses	2022	2021	Change
Wages and salaries	1,327,590	801,186	526,404

9) Personnel expenses	2022	2021	Change
Social security contributions	360,057	200,133	159,924
Employees' leaving entitlement	96,132	53,219	42,913
Other costs	84,730	9,350	75,380
Total	1,868,509	1,063,888	804,621

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs increased in 2022 by €299,056, mainly as a result of the company's large-scale investments in product development and the company's listing during the year. The listing costs are included in caption B.I.1, intangible fixed assets, and as such are amortised on a straight-line basis. The items with the greatest contribution to the increase in this caption are:

- amortisation of listing costs for €266,916;
- amortisation of development costs for €232,536.

The increase in costs in the other items of caption B.10 are the natural consequence of the company's investments of the year, as discussed in the notes to the balance sheet.

10) Amortisation, depreciation and write-downs	2022	2021	Change
Amortisation of intangible fixed assets	563,566	269,245	294,321
Depreciation of tangible fixed assets	31,188	10,143	21,045
Other write-downs of fixed assets	-	20,079	(20,079)
Write-down of current receivables	3,769	-	3,769
Total	598,523	299,467	299,056

Change in raw materials, consumables, supplies and goods

The company increased its inventory of raw materials and other consumables in 2022 so that it can quickly meet growing customer demand. Specifically, management has chosen to shield the company from possible risks linked to logistics and procurement times for the products it sells which come from China.

11) Change in raw materials, consumables, supplies and goods	2022	2021	Change
Change in raw materials, consumables, supplies and goods	(50,368,229)	(495,717)	(49,872,512)
Total	(50,368,229)	(495,717)	(49,872,512)

Other operating costs

Other operating costs amount to €198,281 for 2022, compared to €49,518 in 2021, an increase of €148,763. This increase is mainly due to the combined effect of prior year expense of €86,681 and higher costs incurred to comply with workplace safety legislation for €29,080.

14) Other operating costs	2022	2021	Change
Taxes	55,712	24,172	31,540
Sundry administrative costs and membership fees	39,302	23,365	15,937
Prior year expense, inexistent income and rounding losses	103,267	1,981	101,286
Total	198,281	49,518	148,763

Financial income and charges

Section C of the profit and loss account includes all positive and negative income items related to the company's financial activity, characterised by transactions that generate income, expense, gains and losses on sales, related to securities, investments, bank accounts, financial receivables and loans of any type given and received, as well as exchange rate gains and losses.

Financial income and charges are recognised on an accruals basis.

Interest and other financial charges by payable type

Interest and other financial charges are analysed in the following table pursuant to article 2425.17 of the Italian Civil Code, grouping those related to bond issues, bank loans and borrowings and others.

Interest and other financial charges	2022	2021	Change
Bank loans and borrowings	467,530	143,624	323,906
Other	23,324	12,450	10,874
Total	490,854	156,074	334,780

Exchange rate gains and losses

Information on exchange rate gains and losses at year end is provided below, showing the realised and unrealised gains and losses.

	Carrying amount	Unrealised	Realised
<i>Exchange rate gains and losses</i>	<i>95,900-</i>		
Gains		-	7,072
Losses		-	102,972
Net exchange rate losses		-	95,900-

Amount and type of individual revenue/expense items of an exceptional size or impact

There were no revenues or other income items deriving from events of an exceptional size or impact during the year.

There were no costs deriving from events of an exceptional size or impact during the year.

Income taxes, current and deferred

The company has accrued income taxes for the year pursuant to the tax regulations in force. Current taxes refer to taxes of the year as shown in the tax returns. Taxes relative to prior years include direct taxation of previous years, including interest and penalties and also include the positive (or negative) difference between the amount due after the settlement of a dispute or tax inspection and the amount of the provision accrued in previous years. Deferred tax assets and liabilities relate to positive and negative income items respectively taxable or deductible in years other than that in which they are recognised under statutory criteria.

Taxes relative to prior years

The company accrued €1,047 in 2022 for higher direct taxes relative to prior years.

Changes in deferred taxes

This caption includes the impact of deferred taxation on the financial statements, deriving from the temporary differences between the amounts allocated to an asset or liability under statutory criteria and the corresponding amounts recognised for tax purposes.

The company calculates deferred taxation with reference to IRES and IRAP.

Deferred tax assets and liabilities are calculated using the respective rates of 24% and 3.3%.

The following tables detail:

- the description of the temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the rate applied and changes from the previous year, the amounts credited or debited to the profit and loss account or equity;
- the amount of the deferred tax asset recognised in relation to losses of the year or previous years and the reason for recognition, the amount not yet recognised and the reasons therefor;
- the captions excluded from the calculation and the reasons therefor.

Recognition of deferred tax assets and liabilities and effects

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	177,064	177,064
Total taxable temporary differences	161,450	-
Net temporary differences	(15,614)	(177,064)
B) Tax effects		
Opening provision for deferred taxation	(51,081)	(7,489)
Changes in deferred tax liabilities (assets) of the year	47,334	1,663
Closing provision for deferred taxation	(3,747)	(5,826)

Deductible temporary differences

	Opening balance	Change	Closing balance	IRES tax effect	IRAP tax effect
Provision for product warranties	149,000	(53,513)	95,487	22,917	2,865
Provision for inventory write-down	58,539	23,037	81,576	19,578	2,684

	Opening balance	Change	Closing balance	IRES tax effect	IRAP tax effect
Write-downs of intangible fixed assets	20,079	(20,079)	-	-	-

Taxable temporary differences

	Opening balance	Change	Closing balance	IRES tax effect	IRAP tax effect
Mark-to-market price of derivatives	14,779	146,671	161,450	38,748	-

Reconciliation schedule between the net profit or for the year and the taxable income

IRES	31.12.2022	31.12.2021
Pre-tax profit	30,988,509	9,958,624
Theoretical tax charge (24%)	7,437,242	2,390,070
Increase	297,930	194,722
Decrease	215,707	82,870
ACE benefit	128,792	186,389
IRES taxable income	30,941,940	9,884,087
Effective tax charge (24%)	7,426,066	2,372,181

IRAP	31.12.2022	31.12.2021
Operating profit	31,575,167	10,131,958
Costs not relevant for IRAP purposes	1,872,279	1,123,229
Theoretical IRAP taxable base	33,447,446.15	11,255,187
Theoretical tax charge (3.9%)	1,304,450	438,952
Increase	853,835	545,336
Decrease	1,795,881	1,070,095
IRAP taxable income	32,505,400	10,730,428
- of which, taxable income earned in the Province of Trento	12,169,043	5,684,766
- of which, taxable income earned in the Veneto Region	20,336,358	5,045,662
Effective tax charge	975,654	282,052
- of which, effective tax charge in the Province of Trento (1.5%)	182,536	85,271
- of which, effective tax charge in the Veneto region (3.9%)	793,118	196,781

The IRES and IRAP payables for the year recognised in caption D.12 of the balance sheet liabilities are shown net of the payments on account of the year.

Notes, cash flow statement

The company has prepared the cash flow statement which summarises and links the changes of the year in the company's assets and liabilities with the changes in the financial position. It highlights the source and application of the financial resources during the year.

Pursuant to OIC 10, it is noted that the indirect method was used for the cash flow statement, whereby the cash flows are reconstructed adjusting the net profit for the year by the non-monetary items.

Notes, other information

The other information required by the Italian Civil Code is provided below.

Workforce

The following table shows the average number of employees, grouped by category and calculated considering the daily average:

	Junior managers	White collars	Blue collars	Total
Average number	2	28	3	33

The change in the number of employees in the year may be analysed as follows:

- 27 new hires; additional hires will be made in 2023 to support the planned investment initiatives;
- two resignations and one unsuccessful trial period.

The closing balance of 24 employees at 31 December 2021 included an additional resignation tendered that day.

Fees, advances and loans to directors and statutory auditors and commitments undertaken on their behalf

The following table sets out the information required by article 2427.16 of the Italian Civil Code. There are no advances and loans and no commitments were undertaken on behalf of the board of directors as a result of guarantees of any kind given.

	Directors	Statutory auditors
Fees	748,167	70,000

The fees for the board of statutory auditors refers to the entire year in office: the amount pertaining to 2021 recognised in the profit and loss account is €39,510.

Independent auditors' fees

The independent auditors' fees are shown in the following table, divided by service type.

Independent auditors' fees

	Statutory audit of the annual financial statements	Other non-audit services	Total independent auditors' fees
Fees	50,000	141,200	191,200

The amount of the independent auditors' fees refers to the entire year in office. The amount related to 2021 recognised in the profit and loss account is €27,300. The other non-audit services relate to support activities provided to the company in relation to the listing and they are recognised under intangible fixed assets in the balance sheet.

Categories of shares issued by the company

The following table shows the number and nominal value of the company's shares, as well as the changes of the year.

At the reporting date, the share capital was comprised of 61,375,000 shares without nominal value. These shares belong to two categories:

- ordinary shares: 49,999,000;
- PAS (Price Adjustment Shares): 11,376,000.

Securities issued by the company

The company has not issued any securities or similar covered by the provisions of article 2427.18 of the Italian Civil Code.

Other financial instruments issued by the company

The company has not issued any other financial instruments pursuant to article 2346.6 of the Italian Civil Code.

Off-balance sheet commitments, guarantees and contingent liabilities

None.

Assets and loans earmarked for a specific deal

Assets earmarked for a specific deal

There are no assets earmarked for a specific deal at the reporting date pursuant to article 2427.20 of the Italian Civil Code.

Loans earmarked for a specific deal

There are no loans earmarked for a specific deal at the reporting date pursuant to article 2427.21 of the Italian Civil Code.

Related party transactions

For the purposes of the regulations in force, it is noted that in the year ended 31 December 2022 there were no atypical and/or unusual transactions whose significance and/or materiality could affect the protection of company assets and of minority shareholders, either with related or other non-related parties.

Off-balance sheet agreements

There were no off-balance sheet agreements during the year.

Post-balance sheet events

With reference to article 2427.22-quater of the Italian Civil Code covering post-balance sheet events with a significant impact on the company's financial position, financial performance and cash flows, it is noted that on 28 February 2023, Energy signed an important strategic agreement for a joint venture with a major lithium battery producer for stationary applications.

The purpose of the joint venture is to bolster the common business in Europe through a newco in which Energy holds 30% of the share capital. The newco's development plan provides for an initial investment of €3 million by Energy.

In relation to the Russo-Ukraine conflict, the company does not operate on either the Russian nor the Ukrainian market and is therefore not impacted directly by the conflict except, like everyone, by the increase in the commodity costs, including energy and gas.

The company has taken steps to mitigate them as far as possible.

Company that prepares the financial statements for the largest/smallest group of companies that the company belongs to as a subsidiary

There are no cases referred to in article 2427.22-quinquies and sexies of the Italian Civil Code.

Disclosure on derivatives pursuant to article 2427-bis of the Italian Civil Code

There are two hedging derivatives at the reporting date.

The first was subscribed with Unicredit in 2020 but with effect from 31 January 2021, while the second was subscribed with Intesa SanPaolo in 2021 but with effect from 15 March 2021.

Pursuant to the requirements of article 2427-bis of the Italian Civil Code, the following information is provided in compliance with the concept of a true and fair view of company commitments.

Derivative type	Interest rate cap
Purpose	Hedging
Amount	€1,750,000
Underlying financial risk	Interest rate risk
Start date	31.01.2021
End date	30.10.2026
Fair value – mark to market	€ 85,312
Hedged liability	Mutuo Unicredit S.p.A.

Derivative type	Interest rate swap
Purpose	Hedging
Amount	€ 1,000,000
Underlying financial risk	Interest rate risk
Start date	15.03.2021
End date	15.03.2027

Derivative type	Interest rate swap
Fair value – mark to market	€ 76,138
Hedged liability	Mutuo Intesa San Paolo S.p.A.

Summary of the financial statements of the company that carries out management and coordination activities

Pursuant to article 2497-bis.4 of the Italian Civil Code, it is noted that the company is not subject to management and coordination.

Disclosure pursuant to article 1.125 of Law no. 124 of 4 August 2017

In relation to the provisions of article 1.125-bis of Law no. 124/2017 on the requirement to show any amounts received in the year as subsidies, benefits, advantages, grants or aid, in cash or in kind, not of a general nature and which are not fees, remuneration or compensation of any kind, from the public administration and parties referred to in point 125-bis of the same article, the company confirms that it received the following contributions from public administrations in 2022:

- tax credit for advertising investments of €4,671;
- €12,067 for grants supporting internationalisation activities;

The company was also granted a €2.4 million guarantee by Banca del Mezzogiorno Mediocredito Centrale for the new loan granted by Sparkasse.

Proposal for the allocation of profit or coverage of losses

In light of the above, the board of directors proposes the allocation of the net profit for the year as follows:

- €117,876 to the legal reserve;
- €2,489,774 to retained earnings.

Notes, final part

We confirm that these financial statements, comprised of a balance sheet, profit and loss account, cash flow statement and these notes provide a true and fair view of the company's financial position, financial performance and cash flows and correspond to the accounting records. We therefore invite you to approve the draft financial statements at 31 December 2022 together with the proposal for the allocation of the net profit for the year, as formulated by the board of directors.

The financial statements are true and correspond to the accounting records.

Rovereto (Trento), 28.03.2023

On behalf of the board of directors

Alessandro Granuzzo, Chairman





KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

*To the shareholders of
Energy S.p.A.*

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Energy S.p.A. (the "company"), which comprise the balance sheet as at 31 December 2022, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the financial position of Energy S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters - Comparative figures

The company's 2021 financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 27 May 2022.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Energy S.p.A.
Independent auditors' report
31 December 2022

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Energy S.p.A.
Independent auditors' report
31 December 2022

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10

The company's directors are responsible for the preparation of a directors' report at 31 December 2022 and for the consistency of such report with the related financial statements and its compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 December 2017 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the company's financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Padua, 6 April 2023

KPMG S.p.A.

(signed on the original)

Silvia Di Francesco
Director

ENERGY S.p.A.

Sede legale: Piazza Manifattura 1, Rovereto 38068 (TN)

Capitale sociale: Euro 613.750,00 i.v.

C.F., P.IVA e N. iscrizione Registro Imprese TN 02284640220



**VERBALE DELL'ASSEMBLEA ORDINARIA DEGLI AZIONISTI CONVOCATA PER
IL GIORNO 28 APRILE 2023**

* * *

Il giorno 28 Aprile 2023, alle ore 9:00, presso la sede operativa della società a Sant'Angelo di Piove di Sacco (PD), via Zona Industriale n. 10 si è riunita l'assemblea dei soci della società Energy S.p.A. per discutere e deliberare sul seguente

ordine del giorno

1. Esame ed approvazione del bilancio di esercizio al 31 dicembre 2022, corredato dalla relazione sulla gestione, dalla relazione del Collegio Sindacale e della Società di Revisione. Deliberazioni inerenti e conseguenti.

2. Destinazione del risultato di esercizio. Deliberazioni inerenti e conseguenti.

Assume la presidenza della riunione, ai sensi dell'art 20.2 dello statuto sociale, Il Presidente del Consiglio di Amministrazione Dott Alessandro Granuzzo il quale comunica che l'odierna riunione si terrà in presenza e audio-conferenza come da avviso di convocazione contenente l'ordine del giorno della medesima, pubblicato e messo a disposizione del pubblico sul sito internet della società e pubblicato sul quotidiano "il Sole 24 ore" in data 13 aprile 2023.

Il Presidente, con il consenso unanime dei presenti, chiama a fungere da segretario Davide Tinazzi, che accetta.

ENERGY S.p.A.

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Il Presidente:

- a) dopo aver accertato e fatto accertare la presenza, oltre alla propria, dei consiglieri Davide Tinazzi e Andrea Taffurelli, nonché la presenza del Collegio Sindacale nelle persone di Marco Bernardis, Presidente, Renato Bogoni e Dante Carolo, Sindaci Effettivi (tutti collegati in audio-conferenza);
- b) dopo aver informato che la società ha scelto di avvalersi della facoltà – stabilita ai sensi dell'art. 106, commi 4 e 5, Decreto Legge 17 marzo 2020, n. 18, convertito in legge con modificazioni dalla Legge 24 aprile 2020, n. 27, la cui efficacia è stata da ultimo prorogata dall'art. 3 comma 10-undecies del Decreto Legge del 29 dicembre 2022 n. 198, convertito dalla Legge 24 febbraio 2023, n. 14 – di consentire l'intervento in Assemblea da parte degli aventi diritto di voto esclusivamente mediante conferimento di delega al rappresentante designato dalla Società ex art. 135-undecies o, in alternativa, ex art. 135-novies del Decreto Legislativo 24 febbraio 1998, n. 58 (il "**Rappresentante Designato**");
- c) dopo aver accertato la presenza del Dott.re Emanuele Ramilli, quale Rappresentante Designato dalla Società, in rappresentanza degli azionisti in misura pari al 63,50% del Capitale sociale.
- d) dopo aver informato che nessuno degli aventi diritto al voto ha fatto pervenire domande sulle materie all'ordine del giorno prima dell'assemblea, che è stata accertata la legittimazione dei presenti ad intervenire all'assemblea ed in particolare è stata verificata

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la rispondenza alle vigenti norme di legge e di statuto delle deleghe portate dal
Rappresentante Designato intervenuto,

dichiara l'adunanza validamente costituita ai sensi dell'art. 20 dello statuto e atta a deliberare sugli
argomenti posti all'ordine del giorno.

Passando agli argomenti all'ordine del giorno, poiché per entrambi i punti in discussione la relativa
documentazione è stata messa a disposizione con le modalità e nei termini di legge, il Presidente
omette la lettura di tutti i documenti messi a disposizione.

Il Presidente sottopone, all'assemblea la seguente proposta di deliberazione sul punto 1 all'ordine
del giorno:

“Signori Azionisti,

*con riferimento alla delibera di cui al punto 1. dell'ordine del giorno dell'assemblea ordinaria
degli azionisti di Energy SpA.,*

*Vi comunichiamo che il bilancio dell'esercizio 2022, che sottoponiamo alla vostra approvazione
chiude con un utile di Euro 22.607.650 e un Patrimonio netto di Euro 59.897.383”.*

Il Presidente sottopone quindi all'assemblea la seguente proposta di deliberazione sul punto 2
all'ordine del giorno:

“Signori Azionisti,

*il bilancio di esercizio al 31 dicembre 2022 di Energy S.p.A., oggetto di approvazione ai sensi del
primo punto all'ordine del giorno della presente Assemblea, evidenzia un utile di esercizio pari a*

ENERGY S.p.A.

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C.F., P.IVA e N. iscrizione Registro Imprese TN 02284640220

Euro 22.607.650.

In relazione ai risultati conseguiti, con riguardo al secondo argomento all'ordine del giorno, vi proponiamo di destinare l'utile di esercizio pari ad Euro 22.607.650 come segue: (i) euro 117.876 a riserva legale; ed (ii) Euro 22.489.774 a utili a nuovo".

*o*o*

Alla luce di quanto esposto, l'Assemblea degli Azionisti di Energy S.p.A., riunita in sede ordinaria,

- esaminati i dati del bilancio di esercizio al 31 dicembre 2022, con le relative Relazioni presentate dal Consiglio di Amministrazione, dal Collegio Sindacale e dalla Società di revisione; e,
- vista la proposta del Consiglio di Amministrazione,

con il voto favorevole di tanti soci che rappresentano il 63,50% del capitale sociale

delibera

1. di approvare il bilancio di esercizio al 31 dicembre 2022.
2. di destinare l'utile di esercizio pari ad Euro 22.607.650 per:
 - Euro 117.876 a riserva legale; e
 - Euro 22.489.774 a utili a nuovo.

Nient'altro essendovi da deliberare e nessuno prendendo la parola, la seduta viene tolta alle ore 9:20.

Il Presidente

Alessandro Granuzzo



Il Segretario

Davide Tinazzi

