

Thursday, 19th December 2024**modefinance Corporate Credit Rating (Solicited) for
ENERON S.P.A.: B1- (First issuance)**

modefinance published the Solicited Corporate Credit Rating of ENERON S.P.A. on the website (<http://cra.modefiance.com/en>) and the rating assigned to the entity is B1- (First issuance). The analysis revealed it is a company with adequate economic and financial situation, capable of facing adverse economic conditions in the medium and long term.

The ENERON Group, active mainly in Sicily and Sardinia, specializes in the supply and sale of electricity and natural gas, offering its customers customized solutions for energy saving and efficiency. For some years, it has also been involved in the co-development of photovoltaic plants. The Group's objective is to promote the energy self-sufficiency of end users, enabling them to generate energy directly on their territory. This approach aims to reduce dependence on the traditional supply network, fostering a new consumption culture based on savings, sustainability and circular economy. ENERON S.P.A., as Parent Company, manages and coordinates the subsidiaries ENERG.IT S.P.A. and ONDA PIÙ S.R.L.. In addition to centralizing administrative and marketing functions, both operational and strategic, it directly manages the energy efficiency business and co-development activities.

Key Rating Assumption

ENERON S.P.A. closed the fiscal year 2023 with a consolidated net loss of approximately EUR 0.7 million. This result, which was strongly affected by the substantial commission advances paid to the sales network and the write-downs made on trade receivables, led to a significant worsening of profitability indicators and, consequently, to a deterioration of the overall economic-financial situation. However, the conversion into capital of the loan received from one of the current shareholders allowed for a significant improvement in the solvency area. In particular, there was a reduction in leverage levels and an improvement in the net financial position, allowing the Company to maintain an adequate financial balance in the short term.

A significant improvement in operating margins is expected by 2024. The gross operating margin, which reached EUR 3.05 million on 30 June, is expected to grow to over EUR 4.38 million by the end of the financial year, with clear benefits for profitability and the overall economic-financial condition. Furthermore, the successful closing of the debt restructuring agreement by the subsidiary Energ.It S.p.a. in 2024 will bring several advantages to the Group. On the one hand, the allocation of a significant part of the operating cash flow to the payment of past debts will cease; on the other hand, access to credit will improve, which will allow for more efficient financial management.

The management of ENERON S.P.A. is entrusted to the sole director Mr. Martines Luigi, while the activities of control and statutory audit of the financial statements have been delegated to a board of statutory auditors. ENERON S.P.A., whose ownership can be traced back to three members of the Martines family, holds controlling stakes in Onda Più S.r.l. and Energ.It S.p.a., companies active in the supply of electricity and natural gas.

Compared to the reference peer group, the Company's positioning in terms of turnover and solvency is in line with the median values. The positioning in terms of profitability, among the lowest percentiles of the distribution of the reference peer group, is physiologically affected by the loss at the end of the 2023

financial year. The peer group demonstrates sufficient levels of capitalization on average, and a balanced financial leverage. Profitability levels in the sector remain satisfactory and are strengthening.

The fundamentals of the energy industry have improved due to the stabilization of gas and energy prices, along with a reduction in their volatility compared to the peaks observed in 2022. However, significant concerns persist regarding potential negative developments within an increasingly unstable global geopolitical context. The Italian economy is projected to experience moderate growth in 2024, with more favorable prospects for the subsequent two years.

Sensitivity Analysis

In the following table, the addressing factors, actions or events that could lead to an upgrade or a downgrade are summarized:

Action	Description of the addressing factors, actions or events
Upgrade	<ul style="list-style-type: none"> Gradual strengthening of the capital base; Operations manage to generate adequate cash flows; Growth in the customer portfolio, also thanks to the containment of the churn rate; Operating margins guarantee adequate levels of return on equity and invested capital. <p>In the case these conditions are met, the rating could upgrade to B1.</p>
Downgrade	<ul style="list-style-type: none"> An increase in financial exposure raises the debt sustainability ratio above the critical threshold (5x); The growth forecasts in operating margins and net profit for 2024, highlighted in the Budget, will not be confirmed by year-end; The Company operating marginality cannot guarantee adequate levels of profitability. <p>If these conditions were to occur, we can expect a downgrade to B2.</p>

IMPORTANT

The present Corporate Credit rating is issued by modefinance under EU Regulation 1060/2009 and following amendments.

The present rating is solicited and is based on both private and public information. The rated entity and/or related third parties have provided all private information used. modefinance had access to some accounts and other relevant internal documents of the rated entity and/or related third parties. Solicited and unsolicited ratings issued by modefinance are of comparable quality, as the solicitation status has no effect on methodologies used. More comprehensive information on modefinance Corporate Credit Ratings are available at: <http://cra.modefinance.com/en>

The present Corporate Credit Rating is issued on MORE Methodology 2.0 and Rating Methodology 1.0. A comprehensive description of both methodologies, as well as information on modefinance Rating Scale and Mappings, is available at <http://cra.modefinance.com/en/methodologies>. For information on historical default rates of modefinance Corporate Credit Ratings please refer to ESMA Central

Repository: <https://registers.esma.europa.eu/cerep-publication/> and ESMA European Rating Platform https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_radar.

modefinance refers to default as a company under bankruptcy, or under liquidation status, or under administration or for which missed payments on a financial obligation are officially recorded.

The quality of the information available on the rated entity and used to determine the present rating was judged by modefinance as satisfactory. Please note that modefinance does not perform any audit activity and is not in a position to guarantee the accuracy of any information used and/or reported in the present document. As such, modefinance can accept no liability whatsoever for actions taken based on any information that may subsequently prove to be incorrect.

The present credit rating was notified to the rated entity in order to identify potential factual errors, as prescribed by the CRA Regulation.

No amendments were applied after the notification process.

The rated company purchased ancillary services from modefinance (preliminary rating). Modefinance guarantees that this purchase of ancillary activities does not constitute any conflict of interest.

The rating action issued by modefinance was performed independently. The analysts, members of the rating team involved in the process, modefinance Srl and its members and shareholders do not have any conflicts of interest in relation to the Rated Entity and/or Related Third Parties. If in the future a potential conflict of interest is identified in relation to the persons reported above, modefinance Ratings will provide the appropriate information and if necessary the rating will be withdrawn.

The present Credit Rating is an opinion of the general creditworthiness that modefinance issues on the rated entity, and should be relied upon to a limited degree. The issued rating is subject to an ongoing monitoring until withdrawal.

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