

Price on 07/10/22 : _____ **1,65€**
 Fair Value : _____ 2,91€
 Market : _____ Euronext Growth
 Share ticker: _____ ALENE

ENERTIME

Cleantech

FUTURE MID-SIZE ACTOR IN THE TRANSITION TO A CO2-FREE ENERGY INDUSTRY?

- ▶ Enertime is riding the wave of the energy efficiency market for industrialists that has been accelerated by high electricity prices, surging carbon credits, gas shortage and incentives in favor of decarbonization. The company aims to become the market leader in five years' time for waste heat recovery into electricity and in the less competitive 1 to 10 MWe ORC (Organic Rankine Cycle) systems market.
- ▶ Against this backdrop, following a period of stagnation (2021 and 2022e turnover remaining at < EUR2.5m, reflecting notably delayed order taking during the pandemic), revenues are set to rise with effect from next year, boosted by 3 ADEME projects totaling EUR 22m turnover awaiting signature. Annual average growth rates, modeled by us, of more than 60% over the next five years, are impressive. They are justified, nevertheless, by structural delays to the expansion of European electrical production capacity, in addition to mounting governmental incentives to industrial electricity savings, including in the US.
- ▶ A faster than expected penetration of the geothermal market, more competitive but accounting for the bulk of the worldwide ORC systems market, could even, on an optimistic basis, generate 50% of additional sales by 2027 relative to our base scenario.
- ▶ One of the drivers of future growth is based on a currently unique range of services offered in the waste heat recovery market by Energie Circulaire, its subsidiary. This offer has attracted subsidies totaling almost EUR 8m for the three projects already validated by ADEME. This «Energy Service Company» model could be duplicated not only in geothermal energy but also in expanding opportunities that should emerge in heat pumps and gas expansion turbines.
- ▶ Innovation represents another pillar of commercial dynamism. Enertime has won two European grant totaling EUR8.5m (payable over four years). These covered the DECAGONE (ORC system) and PUSH2HEAT (high-temperature Steam Generation Heat Pumps (SGHP)) projects. These subsidies were won, moreover, within the framework of a very competitive program, which could lead to significant commercial opportunities in Europe.
- ▶ Similarly, the company is set to generate its first revenues in the electricity storage market as from 2023, thanks to an innovative solution involving high-temperature air compression and expansion currently under development with STOLECT.
- ▶ Finally, the company should generate initial revenues on the hydrogen storage market from 2026 thanks to an innovative solution for very high pressure on hydrogen currently at the development and trial stage.

Our calculated fair value is an average between DCF (EUR2.70) and market comparisons with Enogia, Climeon and Ormat (EUR3.13). A more optimistic scenario integrating notably a significant advance into geothermal energy yields an indicative fair value of EUR3.43 via DCF.

Market Data	Ratios	12-21	12-22e	12-23f	12-24f	12-25f
Market Cap (EURm):..... 14,0	P/E	Ns	Ns	Ns	18,1	8,3
Enterprise Value(EURm): 14,1	EV/sales	6,5	6,0	1,8	1,1	0,8
Shares outstanding : 8 475 496	EV/EBIT	Ns	Ns	Ns	17,4	8,8
Free float : 87,05%	Dividend yield	-	-	-	-	-
Daily average volume..... 52 269	Operating margin	Ns	Ns	Ns	9,1%	6,4%
Ext 52 weeks : 1,55-2,95 €	Net Margin	Ns	Ns	Ns	6,7%	10,5%
Ext over 3 years : 0,67-4,77 €	Gearing	101,4%	5,6%	17,7%	-15,0%	-33,2%

Agenda	EUR m	12-21	12-22e	12-23f	12-24f	12-25f
Annuels results : April 2023	Turnover	2,17	2,36	7,75	12,72	17,70
	Operating income	1,05	1,19	2,82	4,09	4,60
	EBITDA	(2,65)	(2,40)	0,04	1,91	2,71
	EBIT	(3,03)	(2,70)	(0,54)	0,81	1,61
	Net result	(2,93)	(2,81)	(0,50)	0,85	1,85
	EPS (€)	(0,35)	(0,34)	(0,06)	0,10	0,22
	Shareholder's Equity	1,46	2,32	2,82	4,68	7,53
	Net debt	1,48	0,13	0,50	(0,70)	(2,50)

Shareholders	% cap
Gilles David	4,83%
Siparex / Xange	7,59%
Treasury stocks	0,53%
Free float	87,05%

ENERTIME briefly...

Business...	Current topics...
<ul style="list-style-type: none"> • Design and manufacture of medium and high power (> 1 MW) ORC (Organic Rankine Cycles), and gas expansion turbines (derivative of ORC solutions). • These technologies are dedicated to energy recovery to produce electricity self-consumed by the industry. • Design of high-power (> 2 MWth) and high temperature (above 95°C) heat pumps, a segment focusing on industry and without established competitors • This technology aims at replacing natural gas in the industrial heat production process. 	<ul style="list-style-type: none"> • High electricity prices and the necessity of natural gas savings are boosting project launches by industrial companies seeking improvements in their energy efficiency. • This trend is reinforced by structural measures introduced by the authorities, notably within the framework of Plan France 2030.
Sales Breakdown (2021)	Geographical breakdown of sales (2021)
<ul style="list-style-type: none"> • ORC module sales and other materials: 72.4% • Services and engineering: 27.6% 	<ul style="list-style-type: none"> • France91,0% • Others European countries 1,3% • Asia7,7%
Forces	Weaknesses
<ul style="list-style-type: none"> • One of the global leaders in value added solutions for waste heat recovery into electricity (sector leaders being focused on geothermal energy). • Strategically positioned with its heat pump technology to accompany the acceleration of the transition by European industry away from natural gas. • Quality of management, of R&D and developments, validated, for example, by the sale to China of a 1MW turbine license (the country having no domestic manufacturer mastering this technology integrated into waste heat recovery modules). Innovations acknowledged at the European level with the award of a major European grant for DECAGONE innovation project • Only ORC system manufacturer to sell the entire system including heat recovery. 	<ul style="list-style-type: none"> • ORC system activity is exposed to relatively high WCR due to generally long decision processes. • Actor lacking the critical mass to compete with rivals such as Turboden, Ormat or Exergy on major tenders, notably in the most important segments, geothermal energy and recovery of waste heat into electricity in energy intensive industrial sites. • Delays of payment, occasionally unilaterally extended by certain clients.
Opportunities	Threats / risks
<ul style="list-style-type: none"> • On a five-year term, become the world leader in ORC applications for industrial energy efficiency. • Gain a leadership position in the high-temperature heat pump market. • Move towards the economic model of a services supplier via the Energy Services Company model. • Benefit from its turbomachine competency to offer electricity storage solutions via heat storage. • Associate its know-how in Supercritical CO2 Rankine Cycles with modular nuclear reactors within the framework of the EUR1bn released by the government to boost the French offer of small nuclear reactors. • Deep geothermal energy approached in two years, hydrogen storage/distribution in four years (innovative technology involving high-pressure hydrogen compressor). 	<ul style="list-style-type: none"> • The Ukrainian crisis has amplified the inflationary trend in commodity prices and impacted the high-temperature heat pump market. • Industrial risk attached to the Energy Services Company business resulting from closure and /or production reduction at the plant in which Energie Circulaire will install the Enertime systems. Redeployment of these systems to another site would be complicated by the large size of these waste heat recovery systems. • Inertia in large contract signings and cancellation risk / postponement of projects for which subsidies have been obtained. • Emerging recruitment difficulties.

A buoyant energy efficiency market for Enertime's innovative solutions

record electricity and « pollution rights » price rise, plus a gas shortage represent strong drivers for the sector

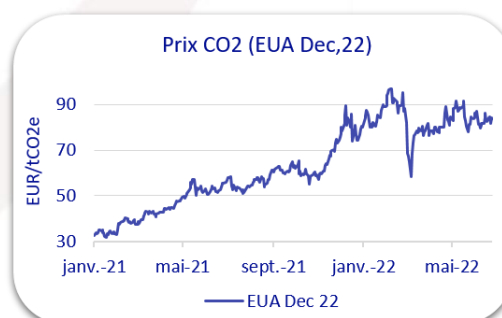
The efficient energy market is underpinned by high electricity prices and by structural measures introduced by governmental authorities like in France with the "Plan de Relance Verte" and France 2030. At the beginning of the year the French government announced the mobilization of EUR 5.6bn to back the decarbonization of industry, notably in favor of low emission CO₂ heat and electricity production aimed at fossil fuel combustion substitution. A policy structurally favoring the demand for Enertime designed solutions. Not only do ORC systems allow for low-carbon electricity production but also high-temperature and high-power heat pumps.

The CO₂ price/ton (« polluting rights ») that was reached on the European market, marked a record historic high in early February 2022, approaching EUR100/ton. It has since held at a high level at around EUR80/ton. Factors behind this rise appear durable: European market reform announced on the 14th of July (more ambitious climate objectives with a faster lowering of the ceiling for available CO₂ emission rights); surging natural gas prices obliging electricity producers to revert to coal. While this alternative is cheaper it is more polluting, prompting more carbon credit purchases to offset these additional CO₂ emissions. This trend is set to become more marked with the arrival of cold weather.

The surging price of carbon on the European market impacts directly the market price of electricity: the European spot price is now higher than EUR450/MWh, having been driven up by a factor of 15 year-on-year. This price has a direct bearing on European forward electricity purchase contracts. Structural delays built up over the last fifteen years in new basic electrical production capacity could aggravate the risk of electricity shortage as sector demand (electrification of industrial processes, mobility) increases.

Current (ie, Ukraine) and potential geopolitical tensions, or new difficulties encountered in the nuclear sector, inflation on new capacity cost, frequent unavailability, profitability of certain renewable energies eroded by those of intermittent renewables tend, moreover, to amplify this trend.

2021 carbon credit price on the European market



Enertime's ORC systems and turbines contribute to the security of the industry's energy supply for 10 to 15 years.

The surging of European energy costs opens the door to strong demand for Enertime's ORC, heat pump and gas pressure reduction solutions. Installation by industrialists of these systems will enable massive electricity consumption reductions. Investment in energy efficiency in Northern Europe is 50% cheaper than building new capacity in nuclear and solar and is still lower than wind power. Thanks partly to compensation from White Certificates (CEE), it becomes profitable three times faster (on an average of 5 years versus 15 to 30 years for new capacity in the three aforementioned energies).

Enertime intends to take advantage of the France 2030 investment plan and of the industry's decarbonization objectives to accelerate the marketing of its heat pump range as a first step, followed by hydrogen and electricity storage within four years.

This decarbonization, through the development of new electricity production capacities that it will generate should boost ORC sales in parallel. Enertime targets especially the global glass, steel and cement industries. Industrialists are looking for protection from electricity shortages during accelerated electrification of their industrial processes (ie, replacement of blast furnaces with DRI or electric or arc furnaces, such as the project at Arcelor Dunkirk).

Successful diversification into heat pumps

Enertime launched a heat pump offering a few years ago as part of its strategy of diversification outside of ORC systems. This succeeded notably in the winning of a large contract for a 3.7 MW (EUR2m) pilot installation at Veolia for Le Mans Metropole, urban heating being seen as a long-term growth vehicle.

Industrial entities are showing interest today in heat pump installations that have an impact on their decarbonization. Rising demand reflecting the interruption of the Russian gas supply is expected.

Enertime is positioned on the less competitive high-power (> 2 MWth) and high temperature (above 95°C) systems. Focus is essentially on domestic industry.

The Strategy for this approach lies in avoiding projects where the Company is non-exclusive, to protect margins against the risks taken by its innovation contribution (rewarded with a EUR1.1m European subsidy for the PUSH2HEAT project).

In the longer term, the creation of a model that can be duplicated, permitting economies of scale backed by the Energie Circulaire services model.

Energie Circulaire: a disruptive offer in the industrial energy efficiency sector holding the key to very strong growth expected from 2023

A unique ESCO model build around ORC technology

In 2020 Enertime created its own dedicated ESCO (Energy Service Company) subsidiary; Energie Circulaire, to take advantage of currently limited, even non-existent, competition in the energy services company sector in an industry with high technological content

This offer is currently unique in the energy services company market. It allows industrial entities to benefit from a turn-key solution: installation of the energy

efficiency solution (heat capture and ORC) without holding it as an asset, financed via the industrial entity's purchase of reduced-price electricity, thus linked to achieved energy savings and White Certificates (CEE for Energy Economy Certificates) obtained on their behalf, supported by maintenance provided by the original manufacturer.

In this development plan the long-term objective is three waste heat recovery installations per year.

This integrated offer proposed by Energie Circulaire has the advantage of being carried through Enertime's range of solutions: an offer covering heat pumps, and gas pressure reduction turbines should soon be introduced under the same principle. This offer could be expanded next into geothermal energy.

Operation of this model of contract or Corporate PPA for Corporate Power Purchase Agreement covering electricity sales to industrial companies works as follows:

Energie Circulaire, (non-consolidated, 93%-owned by Enertime, the balance by Ferest Energie), arranges the financing mainly with infrastructure funds via a dedicated project company or Special Purpose Vehicle. Energie Circulaire then purchases the ORC system from Enertime and installs it. It then resells the electricity generated to the industrial client at a price of around 20% to 25% cheaper than the network electricity price, with the help of CEE participation into the financing.

Enertime would, moreover, be able to benefit from an "avalanche" effect on its waste heat recovery systems in a situation where Energie Circulaire may obtain a contract for a multi-site industrial entity. A successful first installation could then be extended commercially with the same client.

It should be noted that the announcement of an ADEME financing (Verallia, Recytech, FerroGlobe projects for the moment) does not imply an automatic commercial contractual engagement. Energie Circulaire is obliged firstly to conclude an agreement with the industrial client. At the same time, Energie Circulaire must arrange the necessary project finance with either, third-party investors (typically infrastructure funds) or, leasing contracts to finance the smaller operations.

Over a 10 to 15-year operational period, a hypothetical closure or production reduction of an industrial client's plant would raise the risk of re-employment on another site, even more complicated if the Project is of a large size.

At Enertime's level, the five-year objective is that nine out of ten waste heat capture projects will be financed by Energie Circulaire.

Hydrogen storage, an innovative growth relay on a five-year horizon

Since hydrogen storage calls upon compression and thermodynamic technologies, storage and distribution for industry and mobility have been earmarked as a medium-term growth relay. They are integrated into the French government's EUR2.3bn mobilization plan in support of the hydrogen and renewable energy sector.

Enertime has an innovative solution for very high-pressure hydrogen compression under phase I development (HYRECO project) targeting the energy storage and mobility market. Currently at the « proof of concept » stage the objective is to design the compressor and validate its functioning and performance on a test bench.

The project will then be followed by a second stage for implementation and validation of an industrial pilot integrated into a hydrogen distribution station.

Against this backdrop, initial financing from the Ile-de-France region and BPI France has been received as part of the Innov'Up program. The objective is to complete an industrial pilot from 2023, and 2026 as a horizon for commercialization.

Current and future partnerships in other innovative projects

- Enertime has received two European subsidies totaling EUR8.5m (payable over four years) for its Decagone (ORC) and PUSH2HEAT (high-temperature heat pumps) projects, within the Horizon Europe program. The program is very competitive but properly financed. In addition to an European scale commercial showcase, Enertime will benefit via these two consortiums from a network covering the major European energy research centers in the energy domain including more than twenty industrial entities and universities in thirteen countries.
- Electricity storage: Enertime has concluded an industrial partnership with STOLECT (innovative electricity storage based on the reversible conversion of electrical energy into thermal energy). This allows the company to become one of the privileged suppliers of turbines and compressors required for installations. The first delivery of 1 MW turbomachines is planned on an SNCF site in Rennes.

Enertime will launch another innovation next year covering semi-hermetic turbine technology. In the longer term, aside from the hydrogen storage project, mastering CO2 supercritical cycle technologies could provide a partner-based entry into promising markets such as low-carbon electricity production with SMR nuclear reactors.

Ideally positioned on the promising, not so competitive waste heat valorization market segment

On an installed base of around 4,500 MWe, Organic Ranking Cycle applications are distributed between:

- geothermal energy (segment on which American leader Ormat is notably positioned), accounting for around 75% of the installations;
- biomass, around 10%;
- waste heat recovery, about 12%. This segment, posting average annual growth of around 7% over the last five years, represents a market of around EUR 30m/year for the Organic Ranking Cycle alone. The market for the complete solution with installation, service and maintenance is worth around EUR 80m.

Limited competition in high-power waste heat recovery systems

Competition is relatively limited in the waste heat recovery market, above all in the high-power (>500 kW) ORC segment and in the design and manufacture of industrial turbomachines. Enertime competes essentially with three actors: US-based Ormat, Italy's Turboden and Exergy, acquired three years ago by Chinese group Nanjing TICA Thermal Technology Co. Ltd.

Exergy being positioned more on the very high-power segment (> 5 MW), Enertime encounters its stiffest competition on ORCs of 1 to 5 MW size, the segment which

concentrates 75% of the market value of the waste heat recovery segment. This competition can be narrowed down most often to one player, mainly Turboden (a subsidiary of Japanese electromechanical leader MHI), of which the core target (0.5 to 5 MW) is relatively similar.

Under these considerations, Enertime has a five-year objective of becoming one of the world leaders in the sale of ORC solutions dedicated to industrial energy efficiency applications. The company has developed rare skills in the fields of industrial turbomachine design and manufacture, comparable to such multinationals as MHI, BakerHughes, Ormat or TICA. The value of these skills could soon be enhanced further than solely on their application in the ORC and heat pump domain.

France's Enogia, listed on the Euronext Growth market, is positioned, however, on the more competitive low-power ORC market, alongside players such as Rank et Enerbasque (Spain), Triogen (Netherlands), Dürr Systems AG and Orcan Energy AG (Germany), Tica (China, Exergy group), Zuccato (Italy).

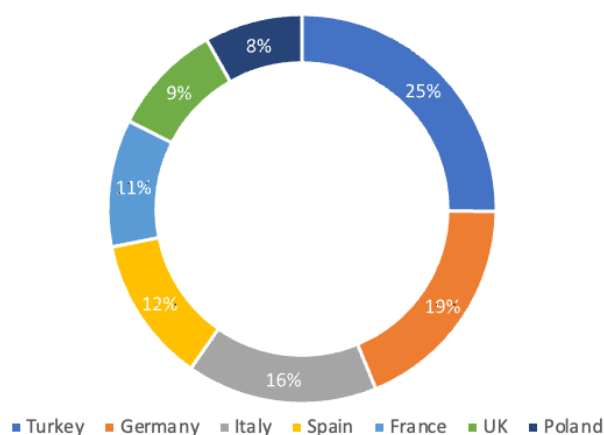
Pertinent commercial targeting

The countries targeted in priority by Enertime are those that:

- Offer an industrial activity with potential demand for waste heat recovery: cement, glass, steel and metals/recycling and arc furnaces, plus gas compression and pressure reduction stations. GRT Gaz is for example a client in France.
- Where the authorities have introduced measures in support of energy efficiency.

Apart from France, the countries concerned are Turkey (concentrating 25% of the targetted industries), Italy, Spain and Germany.

European breakdown of plants for targeted markets



Source: ORC Munich 2021 Market report

Geothermal Energy, the largest, but the most competitive ORC market segment

Enertime has the medium/long-term objective of penetrating the geothermal energy market by leveraging its installed waste heat recovery projects and its participation in large-scale European research projects. Although this market is more competitive than that for waste heat recovery, from a size viewpoint it is six to seven times larger.

Enertime is banking initially on know-how acquisition within the framework of the «FASEP» project (economic enhancement of brine from existing geothermic power stations) in Mexico and equivalent FASEP projects in Kenya and Indonesia.

Enertime then aims to position itself on large projects valued at several tens of millions of euros via ORC machine sales destined for geothermal power stations on the basis of FASEP analysis.

After booking the first contracts, the strategy could become one of duplication of Energie Circulaire's ESCO model in geothermal energy projects. This would be achieved by creating a geothermal energy asset developer and operator, to which Enertime would become supplier.

Overall, Enertime anticipates that geothermal energy could generate potentially about EUR15m in annual revenues in five years' time. This could add 50% to the annual revenue figure in our consolidated model for 2027.

More than EUR30m of potential pipeline sales for ADEME projects alone (signed or awaiting signature)

Three projects, totaling almost EUR8m in subsidies, have already been selected in France

ADEME has selected Enertime for the implementation of three ORC projects, as part of calls for project Indusee (Verallia, FerroGlobe) and french industry decarbonization (Recytech).

The equipment supplied will enable the three entities to consume themselves electricity generated by the waste heat recovered from the operation of their plants.

These three projects currently represent a potential contractual total awaiting the signature of around EUR22m for Enertime. These are accompanied by a subsidy envelope of EUR7.8m payable to the Energie Circulaire subsidiary.

They represent the main driver behind very strong revenue growth expected from next year.

Enertime, moreover, anticipates the award shortly of a fourth project.

Verallia Project, the first ADEME project to be signed?

In March 2022 Special Purpose Vehicle Energie Lagnieu, a wholly-owned subsidiary of Energie Circulaire, signed a financing agreement with ADEME covering total subsidies of 1.6m. These cover the waste heat value enhancement project at the Verallia glass plant at Lagnieu (Ain département), an investment totaling EUR4.2m.

Verallia, a former Saint Gobain subsidiary specialized in glass packaging for beverages and food products is owned by the Apollo Global Management fund and Bpifrance since 2015.

A 20% advance of the total subsidy, paid upon the signature of the contract, provides bridge finance until contract finalization with Verallia anticipated in the second semester. The balance should be paid as a function of project progress.

In the case of a second semester contract finalization, around 10% of this ORC (including upstream «feed» engineering analysis) could be invoiced in the current year, the balance following in 2023.

FerroGlobe: EUR12.5m to be signed for recovery into electricity of waste heat generated by gases from the Grande-Synthe arc furnace

FerroGlobe, formed from the 2015 merger of Spain's FerroAtlántica with US entity Globe Specialty, is a world leader for production of silicon and headquartered in London. It is listed on NASDAQ (GSM). Its Grande-Synthe plant located in northern France, in which the 5 MW ORC is set for installation, is specialized in the transformation of manganese ore to manganese alloy, sintered manganese and slag. The objective is to recover energy from gas generated from high-purity metallic alloy production.

The associated subsidy totals EUR4.7m, of which 20% payable upon signature, with the balance depending on project progress. This will enable the acceleration of the financing procedure by the Energie Grande Synthe SPV, a wholly-owned Energie Circulaire subsidiary, which Enertime will invoice for the supply of the equipment. This scenario will remain in force until the effective signature and ordering of the energy service contract by the client FerroGlobe. The final total turn-key contract value is estimated at EUR12.5m.

EUR5.5m project for Recytech at Fouquières-lès-Lens

Energie Fouquières, a SPV subsidiary wholly-owned by Energie Circulaire, has obtained a EUR1.5m subsidy from ADEME for a 1.4MW ORC destined for electricity generation from the catalytic oxidation unit from a zinc recycling furnace at the Recytech plant at Fouquières-lès-Lens.

Specialized in value enhancement of scrap with a high zinc content, Recytech is held equally by Befesa Steel Services and Recylex.

As for the two preceding projects, Energie Circulaire has received 20% of the subsidy with the signature of the financing agreement, the balance payable as a function of project progress.

In the case of a contract signature, the overall total for equipment would reach EUR5.5m. This would be invoiced in FY2023 and FY2024 (for around 1/3 and 2/3 respectively), and marginally in the current year (around EUR100,000).

In total, these three contracts, to be finalized and financed by Energie Circulaire, represent around EUR22.5m in potential orders.

A fourth 2.1 MWe project for a cement plant, worth a potential of around EUR8m, was filed in October 2021 by the manufacturer with Enertime's assistance. This concerns a financing against the backdrop of calls for energy efficiency/decarbonization projects for the France Relance plan.

The next objective is to sign at least two contracts of the Power Purchase Agreements type (electricity sales to industry clients) between 2023 and 1H 2024.

Projects for which a financing agreement has been signed with ADEME

Project	Global amount (EURm)	ORC Power (MW)	Financing agreement with ADEME	Subsidy (EURm)	Subsidy received at agreement (EURm)	SPV (Special Purpose Vehicle)	stake held by Energie Circulaire	Site	Industry	Project staging
Verallia	4,2	Nc	March 2022	4,5	0,90	Energie Lagnieu	100%	Lagnieu (01)	glass manufacturing	2022/24
Ferroglobe	12,5	5,0	sept-21	4,7	0,94	Energie Grande Synthe	100%	Grande Synthe (59)	metal alloy production	2023/24
Recytech	5,5	1,4	May 2022	1,5	0,30	Energie Fouquières	100%	Fouquières-lès-Lens (62)	zinc recycling	2023/24
Total	22,2			10,7	2,14					

Seven identified targets will be potentially signed next year and in 2024 for a total of around EUR30m. The longer-term objective is to sign three new projects per year over 2025/2027.

EU recognition of the innovations of the group in face of a highly competitive selection process.

The EU rewarded Enertime's high innovation capacity for two projects. The first was linked with ORC technology, and the second to high-temperature heat pumps as part of the Horizon Europe program piloted by the European Commission.

In January 2022 Enertime was selected as the leader for technological and administrative management of a 16-partner European consortium for the DECAGONE project. Seven research centers and nine private companies located in ten countries working on the implementation, on a four year period, of an innovative 2MW system for a steel mill owned by Tinecké elezárný in the Czech Republic.

The objective is to highlight the potential of ORC technology for waste heat recovery in all sectors of the European industry, in addition to the attraction of the ESCO model to speed up technology dissemination.

Note that large European and Tunisian private companies, participants in the consortium, could generate a project pipeline for Enertime in the near future.

Enertime's share of the European subsidy is EUR7.4m (of which EUR128,000 is earmarked for subsidiary Energie Circulaire).

The second (PUSH2HEAT) project, piloted by the Spanish research center Tecnalia, groups nineteen private or university partners at the European level. The project objective is to validate the technological potential at the European level of heat pumps that generate heat of up to 160° on four European industrial sites (Spain, Italy, Belgium and Germany) This is focused on four different heat augmentation technologies. Of these, one high-power double stage mechanical compression technology is provided by Enertime.

As with Decagone, this project will enable the evaluation of the ESCO model as an accelerator for the dissemination of the technology throughout the European industry within the limits of markets and available support.

Enertime has been awarded the development and supply of the 3MW thermal energy heat pump to be installed in an Italian paper mill to produce steam at 140°C. Subsidies granted to both Enertime and Energie Circulaire total EUR1.1m.

An upturn in European and global projects will boost growth in the coming years

In May 2022 Enertime generated the first kWh of the 1.8MW ORC system brought into production in Thailand's Bangkok Glass float glass plant. At the same time, Enertime booked an order from China for a 1.2MW turbine.

The most recent contract (announced in August), with Bulgaria-based Kimtech Grup, is for the installation and start-up of a high-temperature and high-efficiency 1.1MW ORC in an incinerator.

The company expresses confidence in its ability to sign supply contracts in Turkey for high-power waste-heat recovery ORC systems in partnership with a Chinese contractor supplying turnkey installations.

Enertime in Europe is responding to tenders, of which some are developed on an ESCO model, for ORC supply to Poland, Romania, Greece, Germany, Italy and Spain, essentially for installations in glass or cement plants.

The FASEP (Research and private sector assistance fund from the French government) study contract in Mexico with national electricity supplier CFE, could lead to major projects.

The fiscal « Investment Tax Credit » incentive introduced in end-2020 in the US, covering 26% of investment costs in waste heat recovery projects has, moreover, expanded Enertime's prospect in this region. The company thus announced in early 2022 a strategic partnership with Clean Energy Technologies (stock market symbol CETY). This covers supply of high-temperature and high-power systems for integration into the Californian company's proprietary solution range based on ORC technology on the US market.

Anticipated surge in revenues from next year on stable EBITDA.

A reminder of the revenue accounting method

Revenue recognition on a contract is based on progress, which is determined in relation to costs committed (excluding financial costs) compared to total estimated contract costs.

When the final result cannot be estimated reliably, no profit is posted and revenues generated during progress are booked within limits of the corresponding costs.

When the estimated completion result may show a loss, this will prompt a provision for a contract completion loss.

This year's revenue is set to remain relatively low

Expansion two years ago via Energie Circulaire of the economic model based on a service provider logic is already bearing fruit. The three initial projects selected and subsidized by ADEME could generate the first symbolic invoicing this year. The model could become the main contributor to very high anticipated growth from next year.

Against the backdrop of a 14.2% decline in 2021 turnover to EUR2.17m reflecting knock-on effects of pandemic restrictions, we expect a slight 8.8% upturn this year to EUR2.36m. This figure remains relatively low due to the dearth of new order signings in 2020 and 2021, as a cause of the sanitary crisis.

These revenues are bolstered essentially by ORC (Organic Rankine Cycle) invoicing:

- The SYCTOM contract for the Saint-Ouen incinerator (start-up of the 1.2MW ORC delayed by the sanitary crisis),
- The first invoicing of one of the three ADEME projects. (For caution's sake, we have assumed that only a single contract would be signed with effect from 2023),
- And more marginally by the Chinese project with Hawtech,

Invoicing for the Verallia (FEED Verallia) and maintenance of the installed equipment should account for a little more than 10% of estimated sales.

Because of the relatively low expected level of this year's revenues and, more marginally, of a Ukrainian client provision (around EUR100,000) we are looking for a EUR2.7m operating loss. This will represent a slight improvement compared to 2021 (EUR3.03m), leading to a EUR(2.81m) net loss (vs. EUR(2.93m) last year) for a negative EBITDA of EUR2.4m.

Note that accounts received and payable from ADEME on the first three selected projects are not integrated into our forecasts. Given its financing method, beneficiary Energie Circulaire, is not consolidated for the moment.

The expected surge of more than three times in 2023 revenues on the back of ADEME projects

We are looking for a 228% leap in next year’s revenues to EUR7.75m, driven essentially by the Verallia, Ferroglobe and Recytech projects. Our model forecasts that these projects should contribute two-thirds of this performance.

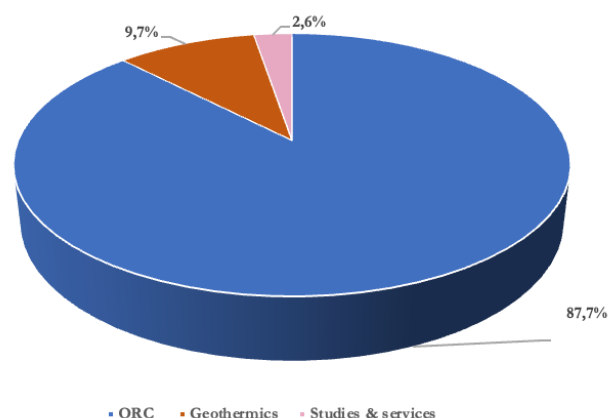
Note that as of the publishing date of this research, no contract finalization with these three industrial entities has been confirmed.

Furthermore, the potential for contractual closing of these projects lies in the ability of each project company, set up on an ad hoc basis within Energie Circulaire, to finalize its financing with specialized investors (notably infrastructure funds).

Our forecast is voluntarily cautious. It does not factor in the eight projects under discussion (of which two in France). Their potential contribution in 2023 for their first possible year of invoicing would put generation of more than EUR10m in revenues within reach.

Alongside the ORC (Organic Rankine Cycle) systems, which still account for most of the estimated revenues, we have integrated first invoicing of EUR750,000 on a Mexican geothermal project, invoicing around EUR2.5m on the STOLECT project, plus approximately EUR200,000 on maintenance and engineering studies. This last figure represents recurrent revenues associated with maintenance and after-sales service of the installed base in operation or at the start-up phase. This maintenance activity cover currently eight ORC systems totaling 11.9MW and a 2.5MW gas expansion turbine. These revenues are set to increase year-on-year, alongside more occasional upstream « FEED » engineering invoicing.

Estimated breakdown of sales by activity for FY 2023



Source: 01EQUITY

We expect next year’s operating loss to narrow to (EUR0.54m) for a EUR (0.50m net loss), given:

- The expected leap in revenues, absorbing the increased operating cost, notably in terms of recruitment and potential wage increase pressure: a workforce increase from forty currently to around fifty is planned;
- an expected narrowing of consolidated gross margin, ADEME projects generating slimmer margins than Enertime's previous projects.
- investment subsidies awarded to Enertime, especially those from the EU for the DECAGONE and PUSH2HEAT projects. Note that the ADEME subsidies (initially for the three Verallia, Ferroglobe and Recytech projects) are awarded at the level of the project entities within the non-consolidated Energie Circulaire subsidiary.
- recurrent maintenance invoicing, offering higher margins than on equipment and reflecting trends in the number of machines brought into service.

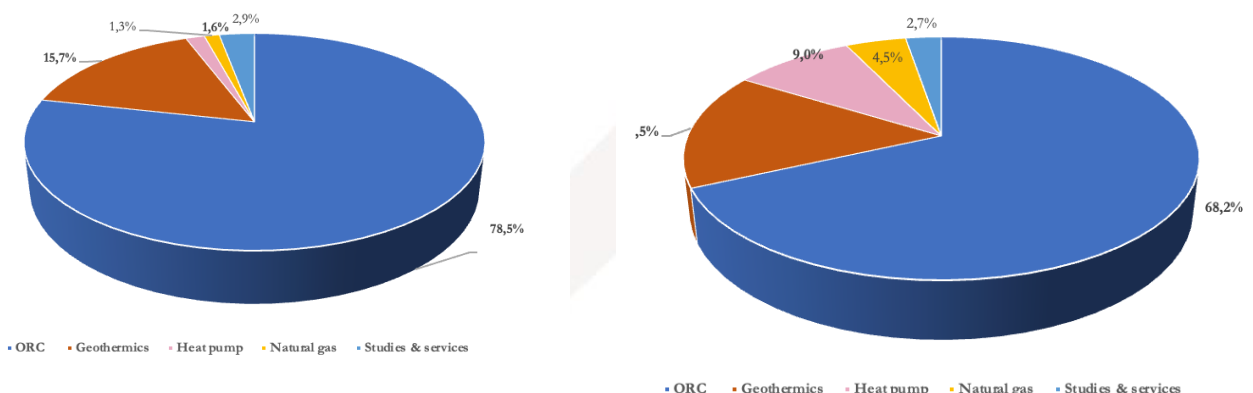
Annual estimated growth of more than 50% per annum in 2024 and 2025

Our initial estimate is for 64% revenue growth in 2024, then 39% in 2025. This growth should be generated mainly by the Ferroglobe and Recytech projects, but also by rising contributions from geothermal energy and activities linked with heat pumps, and gas expansion and energy storage turbines.

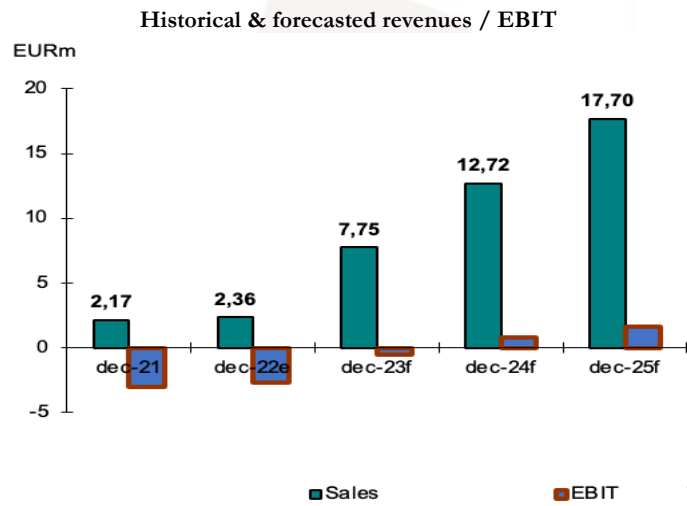
We have integrated the first revenues from a natural gas expansion project (around EUR200,000) from 2024, which could rise fourfold in 2025.

The proportion of studies and recurrent revenues in our model could double on average between 2023 and 2024-25 to around EUR400,000 per annum thanks notably to service invoicing generated on an expanding installed equipment base.

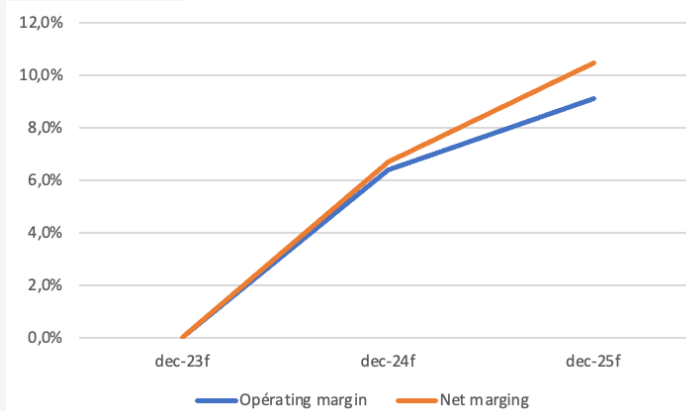
Estimated breakdown of sales by business for FY 2024 and 2025



Source : 01EQUITY



Forecasted trend for operating and net margins :



An average Fair Value per share at €2.91

The average of DCF and peer comparisons leads to a Fair Value of €2,91 per share.

A Fair Value per share of EUR2.70 calculated on DCF

The Discounted Cash Flow method can be used to value a company as a function of free operating cash that it is likely to generate in the future.

Our key fair value by this method comes in at € 2.70 per share.

It is based on a positive operating free cash flow reached from 2025, and the achievement of a perimeter close to €25 million in revenues by 2027, generating operating income of €3.85 million, up by 1% per year starting in 2028.

The forecasts are excluding SMR (modular nuclear reactors) opportunities and include only €3.5 million in geothermal ORC sales by 2026, which is 3 to 4 times less than an optimistic scenario of development in this activity.

Our hypotheses are:

- I. An annual average growth of 60,1% of the revenue for the forecasted period of 2022-27, starting from a low point of activity estimated for this year.
- II. A targeted operating margin of 15,5% in FY 2027.
- III. A 10,3% discounting rate corresponding to the cost of capital, weighted with the average rate on the relative share of the financial debt.
- IV. A 1% growth rate to the infinite of operating cash flow beyond 2027, which represents the extent of our model's forecasts.
- V. Standardized annual investments not exceeding 0,6% (except capitalized R&D) of the turnover on a long-term normative basis.
- VI. Tax Deficits Carry Forward considered for EUR4,54m over the period 2022-32.
- VII. European investment subsidies of EUR3,5m were received at the end of H1-2022 under the DECAGONE program, further strengthening the cash position.
- VIII. A theoretical fully diluted base not including warrants that are out of the money, especially 250 000 warrants issued in 2020 whose strike is €4.

Exposure of the DCF valuation to the discounted cost of capital (t) and growth rate to infinity of free cash flow (g).

g \ t	8,5%	9,5%	10,3%	11,5%	12,5%
0,00%	3,13	2,73	2,47	2,15	1,93
0,50%	3,31	2,87	2,58	2,23	1,99
1,00%	3,51	3,02	2,70	2,32	2,07
1,50%	3,74	3,19	2,84	2,43	2,15
2,00%	4,00	3,38	3,00	2,54	2,24

t : Discounted cost of capital

g : Growth rate to infinity of free cash flows

Note that the discounted cash flows calculated for 2022-2027 period is negative of EUR1,97m (given the CAPEX/OPEX needed for growth), the first positive free cash-flow being forecasted since 2025 in our model.

A Fair Value per share of EUR3.43 calculated on DCF in an optimistic scenario for geothermal energy development

This optimistic scenario (Enertime's breakthrough in geothermal energy by 2027), integrating lower margins to reflect the more competitive environment in this segment, leads to a fair value at 3,43€ on DCF.

Financial Year	2022e	2023f	2024f	2025f	2026f	2027f
Revenu	2,36	10,6	15,3	20,5	31,3	38,2
Change (%)	8,6%	349,7%	44,3%	34,0%	52,7%	22,0%
Operating profit	-2,70	-0,54	0,81	1,61	3,87	4,88
% revenu	-	-5,1%	5,3%	7,9%	12,4%	12,8%

Exposure of the DCF valuation to an optimistic scenario on geothermal forecasts

g \ t	8,5%	9,5%	10,3%	11,5%	12,5%
0,00%	3,98	3,43	3,13	2,72	2,43
0,50%	4,20	3,64	3,27	2,82	2,52
1,00%	4,46	3,83	3,43	2,94	2,62
1,50%	4,75	4,05	3,60	3,07	2,72
2,00%	5,08	4,29	3,80	3,22	2,84

t : Discounted cost of capital

g : Growth rate to infinity of free cash flows

Indicative fair value of EUR26m (EUR3.13/share) calculated on stock market comparisons

We have selected US leader Ormat, France's Enogia, and Sweden's Climeon as comparable entities. We have weighted them at 10%, 60% and 30% respectively:

- **Enogia** (ALENO), floated on the Euronext Growth market in July 2021, is a designer of innovative micro-turbomachines and with an activity in the supply of hydrogen fuel cell compressors which should account for more than half its business by 2025. Its low-power ORCs being scalable, strategy lies in taking advantage of opportunities thrown up by surging energy prices to roll out equipment as a service.
It's high EUR22m stock market capitalization reflects strong growth expectations (>EUR5m order book and an announced end-June order pipeline of > EUR140m). While 2021 turnover remained modest at EUR2.9m, it represented a 51% advance over 2020 on the back of an Asian contract accounting for a little more than half of this activity. EBITDA and operating profit were negative in 2021 at EUR(2.2m) and EUR(2.9m) respectively.
The current year is also expected to register high growth, accompanied by positive EBITDA. A EUR95m revenue objective by 2025 has been confirmed. Enogia believes that it has the ability to achieve a long-term standardizing EBITDA margin of around 30% by 2025.
- **Climeon** (LSE Intl, 0GHX). This Swedish company designs equipment for low-cost heat recovery ("HeatPower" technology). It operates in the geothermal energy and waste heat recovery segments in the industry and diversified this year into energy efficiency for maritime propulsion.
The share reached a peak of SEK67 on promises of high growth and an aggressive ecological/environmental policy but trades currently at around SEK4.
In June the company carried out a massive SEK163m capital increase demanded by weak revenues; a 1H2022 operating loss of SEK(51.3m) (SEK(63.9m) net) ; negative operating cash flow of SEK(25.3m) following a SEK25.3m slump in WCR; in addition to the financing requirements of its "HeatPower 300 Marine to the cruise" offer launched last spring.
H1 capitalized production remained higher than sales.
- US-based **Ormat** is listed on Nasdaq (ORA). Market capitalization exceeds EUR5bn, on 2021 revenues of USD663m.
The business model is focused essentially on the operation of proprietary electricity power stations (88% of revenues, mainly in geothermal energy), an activity that generates the widest margins (gross margin of almost 74%; equipment (ORC, turbines) sales accounting for only 7% of revenues (13.4% gross margin); energy storage a little less than 5%.

The implicit valuation of Enertime comes out at EUR26m that is, EUR3.13 per share based on EV related to estimated 2022 and 2023 turnover.

Given their size and their very strong growth, 2022 and 2023 profit estimates for Climeon and Enogia are negative, even if Enogia still hopes to achieve break-even at the EBITDA level in 2023.

We have therefore restricted our stock market comparison to the criteria of EV/2022 estimated sales and EV/2023p sales which appear more pertinent. Respective multiples weightings are 10%, 60% and 30% for Ormat, Enogia and Climeon.

Elements of peer comparisons and targeted “Fair Value” for Enertime

	Market Cap.	EV	Sales 2021	EBITDA 2021	Sales 2022e	EBITDA 2022e	EV/ sales 22e	sales 2023e	EBITDA 2023e	EV/ sales 23e	Weight factor
Ormat	5 336	6 836	663,1	461	723	440	9,5	778	440	4,0	10%
Climeon	373	204	28,8	-123,7	21,8	-132,8	9,3	35,8	-102	5,7	30%
Enogia	22	21,6	2,94	-2,16	3,68	-1,32	5,9	5,33	-0,4	4,1	60%
Weighted average							7,3			4,5	
ENERTIME					2,36	-2,40	17,0	7,75	0,04	35,0	
								26,0			
								3,11			

Sources :
Companies / 01Equity

Balance sheet structure

As Energie Circulaire is not consolidated, a debt contracted in the project companies (funds raised from third-party investors or leasing to finance the smaller operations) is not integrated into our forecasts.

Enertime subscribed to two State-guaranteed loans totaling EUR0.8m: EUR0.3m in April 2020 and EUR0.5m in November 2021 (six years, from BPI to support innovation). As at 30/06/22, the outstanding balance stood at EUR740,000.

A EUR80,000 loan was received from the Ile-de-France region and BPI France as part of the Innov'Up program (development of an innovative technology for a very high-pressure hydrogen compressor for hydrogen storage and distribution).

A EUR10m (ODIRNANE) financing loan from investment fund YA II PN Ltd was set up as a guarantee for ADEME to demonstrate Enertime's ability to finance Energie Circulaire's ORC projects that may be selected.

The first EUR1m drawdown was carried out in January. No further funds have been drawn down since.

A clause for reduction of the maximum total financing from EUR10m to EUR6m (ie, to EUR5m given the recent EUR1m drawdown) was signed in March 2022, concomitantly with obtaining from Yorkville a new EUR2m line of convertible bonds redeemable in two years.

The first EUR1m tranche (438,600 convertible bonds of EUR2.28 nominal value convertible based on 1 share per convertible bond) of this new line was subscribed immediately. 21,930 of these bonds are redeemable monthly with effect from 01/07/22, in cash, shares or a mixture of both.

A second EUR1m tranche (531,920 convertible bonds of EUR1.88 nominal value convertible 1-for-1 into shares) was called on 20/05/2022. In the light of subsidies received, and to limit potential dilution, Enertime proceeded with redemption of this second tranche before due date (20/09/2022 official announcement).

Given subsidy down payments received or payable by ADEME to the SPVs set up by Energie Circulaire for its waste heat recovery projects; and assuming sufficient financing obtained by the SPVs (currently wholly owned Energie Circulaire subsidiaries); and the EUR3.5m in European subsidies received in 1H2022 as part of the DECAGONE program, Enertime believes that it will have no further requirement to use this type of ODIRNANE's dilutive financing.

Recommendation system : this covers a period of between 6 and 12 months

Positive Opinion: fair value of more than 20% relative to the current share price

Neutral Opinion: fair value within a +20% / -10% range relative to the current share price

Negative Opinion: fair value of more than 10% less than the current share price

Record of recommendation changes over the last twelve months:

07-10-22: Initiation of coverage with a Positive fundamental opinion and fair value calculated at EUR2.91 on both DCF & peer comparisons

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Interest in the Issuer's capital held by 01Equity, the analyst or one of its employees	Corporate Relationship between Issuer and 01Equity	Market-making contract	Remuneration of 01 Equity by the Issuer for preparation of the present financial analysis	Communication of this research to the Issuer prior to publication
No	No	No	Yes *	Yes **

* For research without follow-up commitment

** No significant change has been made since this prior communication

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