Zeleno Sociálne Digitálne

KOOR

Information Memorandum

June 2024

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KOOR

For further inquiries or additional information, please contact our team using the contact details above. We will try our best to assist you and provide any necessary details.

Contents

Glossary

Abbreviation	Explanation
BESS	Battery energy storage systems
CAGR	Compounded annual growth rate
DSCR	Debt service coverage ratio
EBITDA	Earnings before interest, tax, depreciation and amortization
EC	Energy contracting
EE	Electric energy
EPC	Energy performance contracting
ESCO	Energy Service Company
ESG	Environmental, social and governance
FCR	Frequency containment reserve
GES	Guaranteed energy savings
GW	Gigawatt
HVAC	Heating, ventilation and air conditioning
KWh	Kilowatt-hour
LDS	Local distribution system
LLC	Limited liability company
MW	Megawatt
PP	Public Procurement
PV	Photovoltaics
SLA	Service-level agreement

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Company and market summary

KOOR at a glance

KOOR has been on the energy services market for 13 years and has successfully completed more than 300 renovation projects, demonstrably achieving substantial energy savings for both public and commercial clients

Basic information

- KOOR s.r.o. is the **largest Slovak group providing services in the field of energy in the residential, commercial, industrial, and public sectors**.
- Established in 2010, KOOR specializes in execution of projects that enhance energy efficiency of buildings through the integration of innovative technologies and complex energy management practices. These initiatives not only facilitate substantial **cost savings** but also significantly **minimize the carbon footprint** for its clients.
- KOOR's expertise encompasses the **design and implementation of customized solutions**, leveraging advanced technologies for heating / HVAC solutions and harnessing renewable energy sources, including Photovoltaics (PVs), Battery Energy Storage Systems (BESS), and Heat Pumps, among others.
- The cornerstone of KOOR's business model is in generating **energy savings** to its clients, which are then used to finance investment projects.
- In 2022 and 2024, the company earned a **silver medal** in the framework of the ESG rating from the globally recognized company **EcoVadis.**
- In 2024, the company met the relevant criteria necessary to obtain a **Certificate of Eligibility to Conduct Research and Development** that was granted for a period of 6 years.

Selected highlights

300+ Finished and Ongoing projects	**7,500+** Tons of CO2 savings for clients in FY23
in 15% of top companies in terms of ESG rating	**13** Years of providing technical expertise
50% Market share in GES projects	**90** Employees

Key milestones

Historical Milestones

1. **2010** – Commencement of **KOOR's operation** with focus on **heat supplies**
2. **2012** – Opening an office in eastern Slovakia together with entity that supplies electricity gas and operates equipment
3. **2015** – Signing the first official **GES contract**
4. **2021** – Launch of the electrical department for **PV and BESS**
5. **2022** – ESG rating from the international company **EcoVadis – SILVER MEDAL**
6. **2023** – Signature of the first **BESS** with an output of **1MW** and a capacity of **2.1MWh**
7. **2024** – GLOBAL ESG AWARDS - ranked among the top five contestants in the EcoBalanceAward category in terms of votes received from the public on a global scale.

Future Plans

8. **2024 - 2025** – KOOR plans to launch its activities on the **Czech market**
9. **2025 - 2026** – KOOR plans to launch its activities on the **Hungarian market**

KOOR's Operations

KOOR secures all aspects of the project from design of the energy efficiency measures, through project realization and subsequent monitoring, servicing and preventative maintenance carried out by inhouse personnel

KOOR

Optional supply of energy

Monitoring & maintenance

Construction works &technology installation

Subcontractor

KOOR contracts construction and installation works only from trusted local subcontractors.

Procurement of technology

Customer

Industry

Developers

Municipalities

Supplier of technology

Technologies are supplied from renowned brands, with proven track record.

Heating / HVAC

- Heat sources
- Insulation of buildings

Renewable sources

- PV sources – ON grid, OFF grid
- Battery storage systems (BESS)
- Smart metering and monitoring

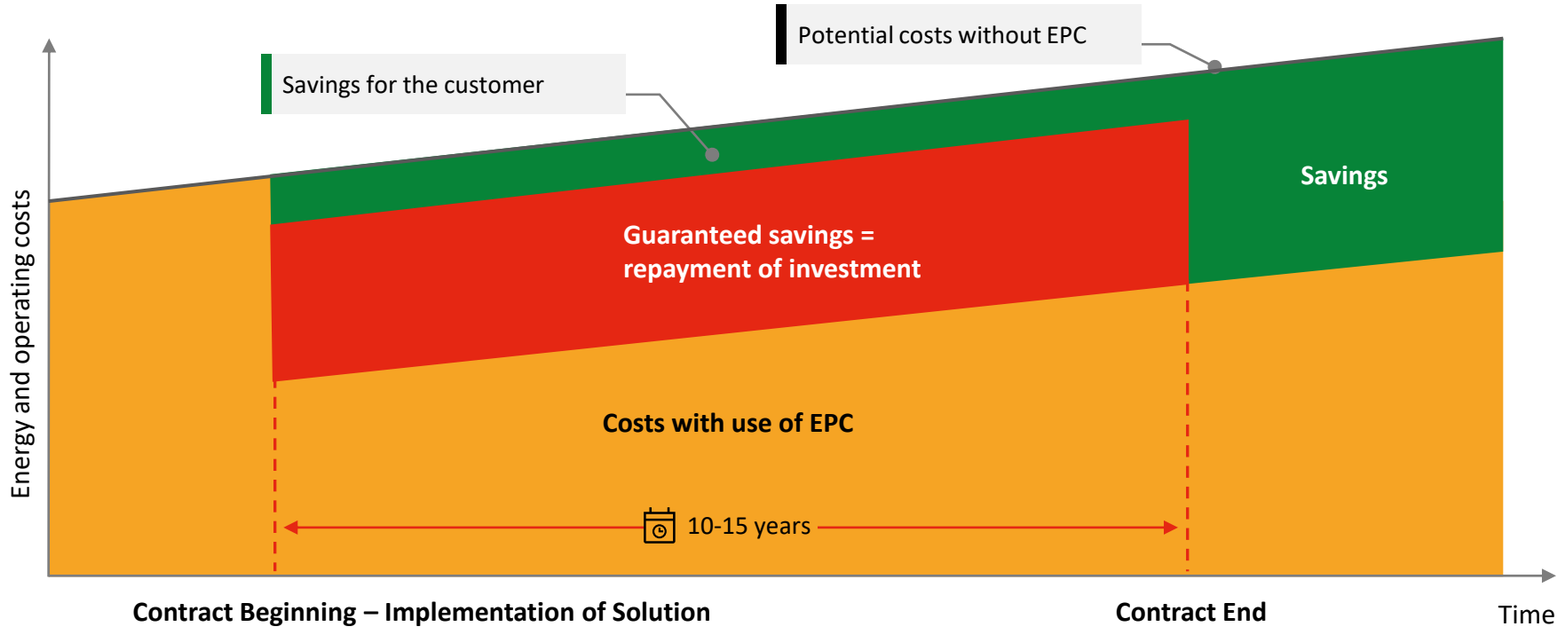
Lighting

- Public lighting
- Lighting in industry and technological units
- Special biometric lighting

KOOR's Business Model

The economic model of Energy Performance Contracting lies in repayment of the infrastructure investment through realized energy savings during a contractual period, after which the customer fully benefits from lower costs while retaining warranty for the technology

Heating or other energy infrastructure running costs



Note : The scheme is prepared for illustrative purposes , each contract differs in its parameters case by case

Many public buildings in Slovakia have obsolete energy infrastructure, which is not only inefficient and costly in terms of energy consumption, but also in terms of the operating requirements. Modern heating devices, which are much less demanding to operate, are monitored remotely by KOOR's dispatching team, securing continuous and faultless operation.

Key advantages of EPC/GES contracts

No Upfront Capital Requirement

EPC contracts allow for energy efficiency projects to be undertaken with no upfront payment

Guaranteed Energy Savings with GES

The financial risk associated with the performance of saving measures transferred from the client to KOOR

Access to Expertise

KOOR assesses, designs, and implements energy-saving measures, ensuring the use of the latest technologies and best practices

Warranty & Remote monitoring

Reliable and energy efficient devices under warranty; Prompt interventions in case of unexpected events

Source: Management Information

Key Market Opportunities

Demand for energy services will be accelerated by higher rate of building renovations due to investment debt of municipalities with obsolete heating infrastructure, followed by replacement of conventional energy sources with renewables in line with the EU's green strategy

Market drivers

- **Large infrastructure investment debt of municipalities** – Public sector in Slovakia comprises 15 ths. public buildings/objects, ow. ¾ require reconstruction of the buildings' heating and other energy infrastructure.
- **EU green strategy set to significantly cut the reliance on fossil fuels** solutions and promote green initiatives with **increasing penetration of renewable sources**. New budlings and development projects will be required to incorporate renewable energy components into projects.
- Higher penetration of renewable sources with unpredictable power delivery will **call for additional flexibility in the grid**. Battery systems **(BESS)** are expected to play a crucial role for transmission network operators and managers of the balancing groups.
- **Interactions between PV and BESS** – A combined solution installed in the object, managed by algorithm within the energy management platform, allows to maximize the utilization of cheap energy from PVs and sale of the energy surplus to the network.
- **Balancing energy communities** – KOOR might interconnect various objects/customers to favourably interchange energy surpluses between each other in order to boost energy efficiency (switch from external to internal grid in case of favourable solar conditions and surpluses).
- **Increasing requirements of ESG** reporting, monitoring of carbon emissions. High ESG rating may help companies attract business partners or investors and gain better access to external financing.

Renovation wave is one of the cornerstones of the EU Green deal

40% of EU energy consumption is from residential and service buildings

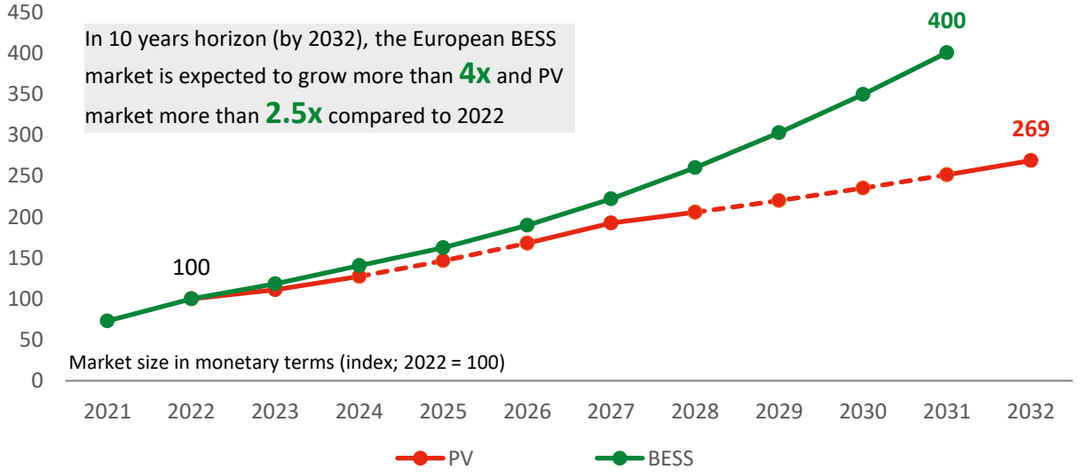
75% of these buildings were built before the energy standards were in place

Renovation rates to double from **1%** to **2%** in 2026-2030 timeframe.
CZ, SK and HU are falling behind, i.e. expecting even higher growth rate

Source: EU Commission, Going Climate Neutral by 2050 (2019)

The penetration of renewable energy devices in EU is expected to dramatically increase by 2030

PV and BESS will further drive KOOR's growth



Note: Dotted line represents interpolated data due to missing data points.
Source: The Business Research Company 2023, Global Solar Energy Market Regional Comparisons October 2023; BIS Research, Stationary Energy Storage Market - A Global and Regional Analysis 2023

KOOR's Financial snapshot

KOOR has experienced significant growth over the past three years and is on a verge of further growth with solid pipeline of EPC / GES projects and preparations for an emerging segment of BESS & renewables, as well as expansion to Czechia and Hungary

Latest (FY23) Financials

Revenue
EUR 29m

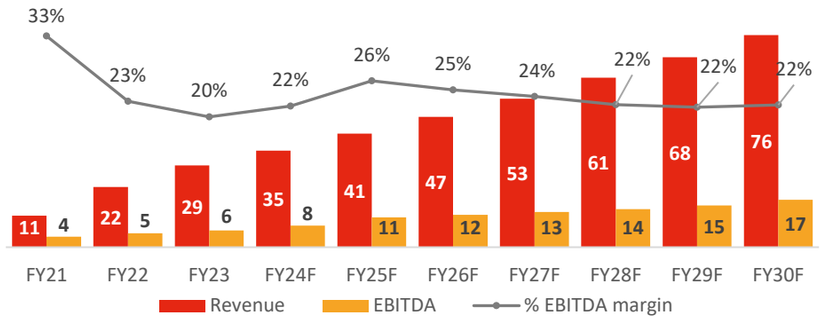
EBITDA
EUR 6m

Average last 3Y EBITDA margin
25%

Last 3Y EBITDA CAGR
27%

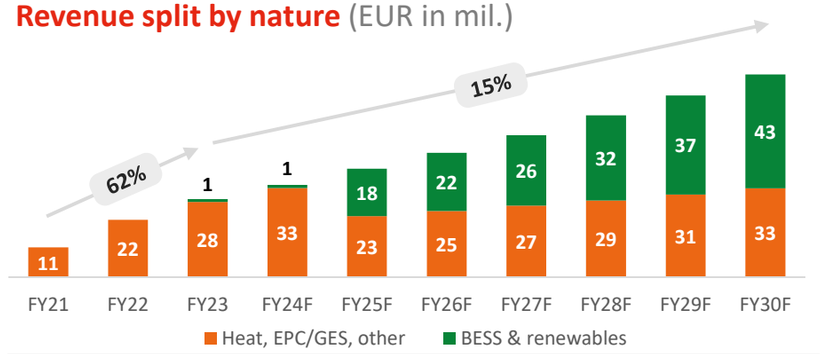
Total assets
EUR 62m

Revenue and EBITDA forecast (EUR in mil.)



A part of the sharp increase in historical revenue and EBITDA is related to ramp-up of EPC / GES contracts, with a part of the revenue is recognized against long term receivables (up to 15Y). KOOR has robust financing framework and factoring arrangements in place to manage cash flow based on the pipeline requirements.

Revenue split by nature (EUR in mil.)



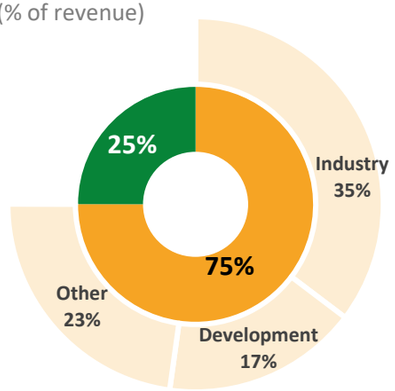
BESS & renewables to play a major role in KOOR's growth.

Source: Management information

Industry presence

per project pipeline as at Dec23 (% of revenue)

Current pipeline comprises projects for large private customers. The share of public projects is expected to increase with the renovation wave closer to approx. **40%**.



Private sector
Public sector

Source: Management information

Geographical presence

Expansion to CZ and Hungary in progress. Activities to be launched by 2025/2026.

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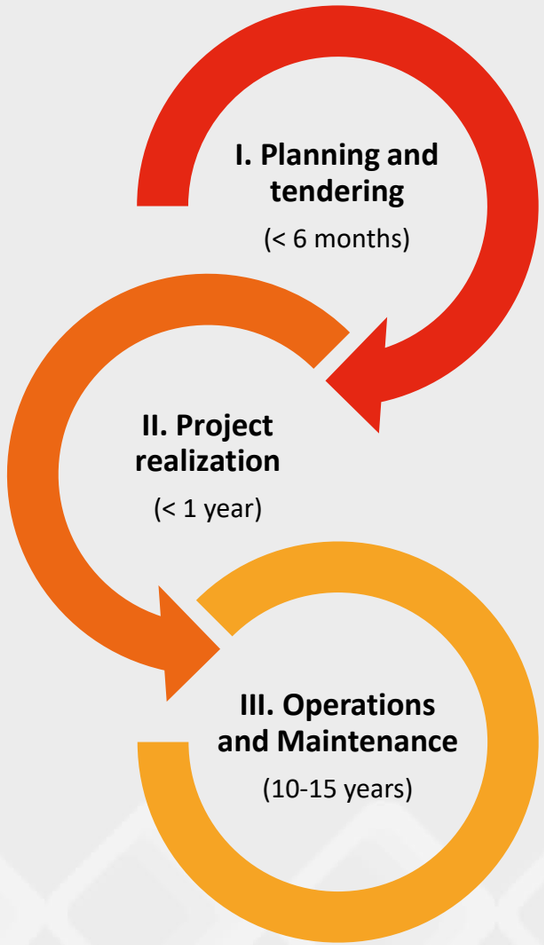
Business model

Project Schedule

KOOR offers „end to end“ approach from design of solutions to maintenance and operations by inhouse specialists. Key to successful tendering is in coordination of sales team and technical experts in order to prepare an optimal solution with favourable economic model for the client



Technical specification

- In-depth examination of technical specification
- Team of technical specialists assesses possible combinations of technological solutions

Economic model

- Budgeting of costs for realization and operations
- Quantification of guaranteed savings for the customers
- Economic model → setting up a repayment plan reflecting calculated savings

Financing

- Financing of the project secured by provider (KOOR)
- Mix of own funds and external financing (bank loans / bonds)

Proposal of solution

- Preparing several alternatives to the client
- Proposal of a technical solution

Projecting and engineering

- Detailed project schedule
- Design and projection works by inhouse experts in line with technical specification

Construction & installation

- Procurement of technology from 3rd party suppliers
- Coordination of subcontractors for construction / installation works
- Coordination with client

Testing and start of operations

- Handing over the technological solution for start of operations
- Functional testing

Maintaining operation parameters

- Measuring of operation parameters and regulation
- Reporting

Maintenance and warranty

- Regular maintenance and preventative repairs
- SLA for repairs & maintenance

Realization of guaranteed savings

- Continuous monitoring
- Evaluation reports
- Proposing additional measures

GES vs. Standard reconstruction tenders

Guaranteed Energy Savings (GES) projects are KOOR's preferred business model over the standard reconstruction tenders based on Bills of Quantities as they allow for significantly higher involvement in the technical specification and hence better tailored solutions for clients

Standard reconstruction (Bill of Quantities)

- The solution is **proposed by the draftsman** (bill of quantities), **the goal is the lowest price**.
- The solution is supplied by several partners, several PPs (Public Procurement).
- The designer is not responsible for the resulting parameters of the work in the area of savings, neither is the implementer.

Advantages

- Easier preparation of PP, can be procured in parts (technological units separately, individual phases separately).

Disadvantages

- Need for investment resources.
- Additional costs in the form of extra work.
- Difficult coordination of several suppliers.
- No one is responsible for achieving savings.

Guaranteed Energy Savings (GES) project

- The solution is **proposed by tender participant**, **the goal is the highest possible savings**.
- The solution is delivered by one partner who is responsible for the project, engineering, implementation and also operation, one PP (Public Procurement).

Advantages

- Budget-neutral, repaid from savings
- One PP = one supplier, which is responsible for the competitive amount of savings during the entire guarantee period

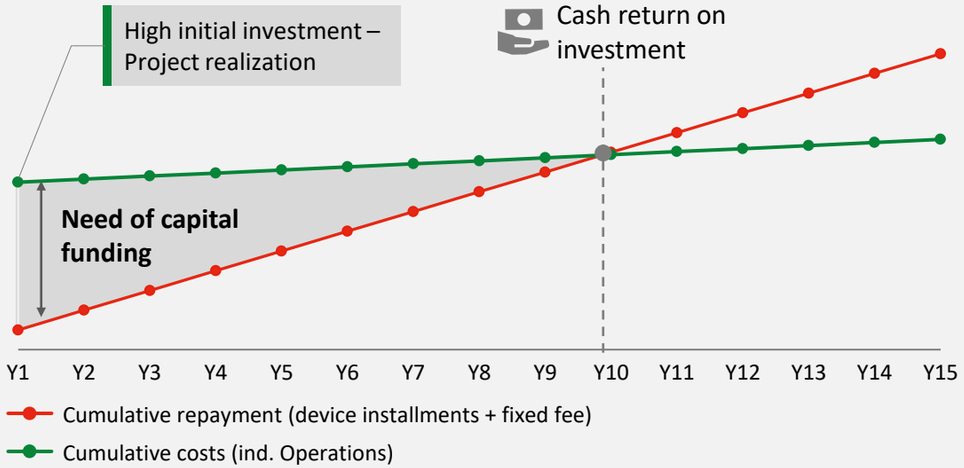
Disadvantages

- More demanding PP preparation (technical consultant, PP process consultant)

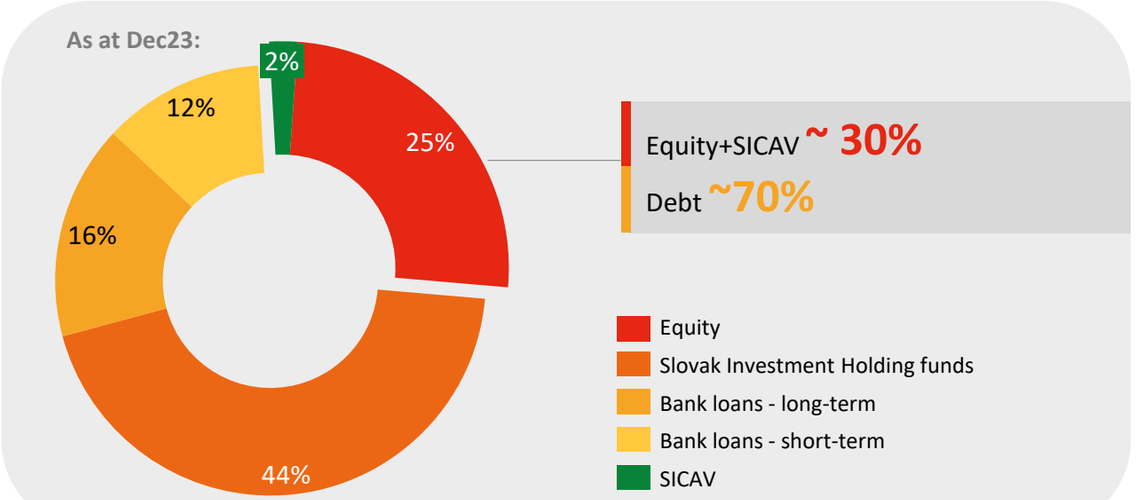
Project financing

New renovation projects typically require high initial investment for KOOR for acquisition and installation of the energy devices. KOOR benefits from good access to funds and pre-agreed credit framework

Cash flow and return on investment



The projects have been co-financed via a combination of own and external funds



Fulfillment of bank covenants

KOOR has safe buffers in fulfillment of the bank covenants.

2023

1.9	**DSCR** (Target 1.2)	**2.1**	**Liquidity ratio** (Target 1.2)	**0.6**	**Equity ratio** (Target 0.2)

Source: Management information

- **Funding from Slovak Investment Holding** (from the Operational Program Research and Innovation)
- **Long-term loans and credit lines with commercial banks** – KOOR has established trusting relationships with the financing banks. KOOR has pre-agreed credit framework in SK, as well and CZ and HU banks, with the maximum drawdown depending on the level of equity.
- **New sources of external financing:**
  - Sale of receivables (factoring) – Cash-flow from long-term receivables will be managed via factoring arrangements depending on the pipeline needs
  - SICAV investment shares – Investors participate on the business expansion + additional credit limits will be made available from banks
  - Green bonds – to be issued by SICAV fund, with official statute of green bonds

Services & Technology

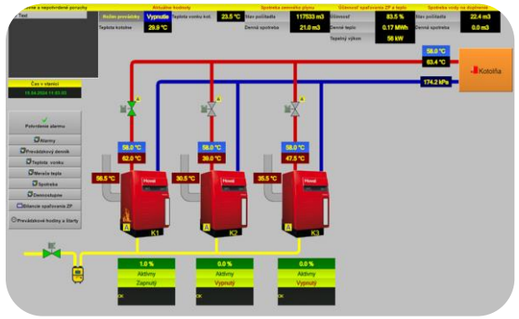
The top priority of renovation projects in the medium term remains in upgrading obsolete heating and cooling infrastructure of objects with modern boiler houses and HVAC solutions. Renovation projects are often complimented by upgrade of lighting solutions in municipal and commercial objects

Services offered

Heating management / HVAC

- **Construction or reconstruction** of a boiler house.
- Using the most **modern approaches and technologies.**
- **Management and maintenance** of the boiler house throughout the duration of the contract.
- Construction of thermal infrastructure **- insulation of buildings, replacement of windows.**

Heating technology & services



Lighting

- Turnkey lighting system
- Measurement and evaluation of consumption using eIoT (electric Internet of Things) technologies and automatic lighting control using web dispatching
- **Interior lighting reducing operating costs** while improving lighting quality - **savings of 50-90%** depending on the parameters of the existing lighting system
- **Exterior lighting** controlled based on a schedule, adaptable to the intensity of external light, traffic, or other requirements - **reduction of operating costs from 60-80% while increasing lighting comfort.**

Lightning

Services & Technology

Installation and management of renewable sources are gaining a stronger position in the KOOR's project pipeline and are expected to reach 50% of the KOOR's service portfolio by 2030 in response to the EU decarbonization strategy

Renewable Energy Solutions used in energy services projects

Photovoltaics (PV)

- Solar panels mounted on rooftops or in solar farms to capture most of the sunlight.
- Electricity produced can be used right away or stored for later use.
- **On-grid and off-grid solutions**
- Benefits: low maintenance, long useful life (25+ years), relatively easy to obtain building permits

Battery Energy Storage Systems (BESS)

- Battery energy storage systems allow to **store electrical energy for later use**, e.g. excess energy produced during peak hours, which can then be released during periods of high demand or when renewable energy sources are not producing electricity.
- In order to improve grid stability and dependability, BESS will have a **crucial role in providing flexibility for TSOs** and energy traders.

Heat Pumps

- Heat pumps use a refrigeration cycle to move heat from one area to another; used in building heating and cooling systems to move heat from the ground, air, or water indoors for heating purposes or outdoors for cooling.
- Because of transferring heat instead of producing it directly, they are an **energy-efficient and ecological solution for controlling the climate in houses and buildings**.

Biomass Boilers

- Biomass boliers use organic resources like wood, agricultural waste, or other biological matter for combustion process to generate heat or power.
- The **reduced carbon dioxide emitted during combustion** compared to conventional fuels makes biomass boilers a renewable energy source.

3

Market trends

ESCO market in Europe

The European Union has committed to energy efficiency and progress towards sustainable energy. Private sector, especially ESCOs, will play crucial role in this development

The major progress in boosting the European and national ESCO markets was achieved thanks to **Energy Efficiency Directive (EED)** which was amended in end 2018 to better reflect the policy landscape for 2030 and thanks to supportive financial and regulatory measures, at EU and national level.

Dynamics of ESCO Market Growth in Europe

The ESCO market in the European Union has been on a steady rise showing continuous growth and maturation in the last decade. The **key factors** contributing to the growth of the ESCO market include **policy support**, **increased awareness** among potential clients about the benefits of energy efficiency and ESCO services and **innovations in energy-efficient technologies.**

Future Aspiration for Improvement in the ESCO Market

While ESCOs have been operational since the late 1980s/early 1990s, the energy service market in the EU is yet to realise its full potential, even in countries with a well-developed ESCO sector. **The key areas for improvement:**

Market regulation and standardization

A stricter definition and registration of ESCOs could facilitate the supply market, and trainings could improve the offers of existing companies. Establishing a credible quality assurance system could **increase transparency, credibility and trust of the industry.**

Financing and fiscal concerns

Financing ESCO projects remains a difficulty in almost all Member States. Implemented Eurostat rule clarifications alongside with initiatives to develop off-balance sheet financing solutions and dedicated credit lines from institutions such as the EIB may **address liquidity issues.**

Even higher energy savings

The “Clean Plant for All” strategic vision presented by the European Commission in November 2018 implies that the results of ESCO projects of an average of 20-30-50% energy savings are laudable, but not enough. ESCO markets need to find their place in **moving towards deep renovation and other deep energy savings**, which usually involve larger initial investment and could result in **higher market size of the ESCO industry.**

ESCO Market Dynamics in KOOR’s key markets

Slovakia

- Slovakia's ESCO market is growing, particularly in central heating refurbishments and heat delivery to public buildings.
- Main barriers include low awareness and trust in guaranteed energy services, despite recent legal improvements.
- Efforts to address barriers include support from the Slovak Innovation and Energy Agency and ongoing regulatory enhancements.

Czech Republic

- Historically, the Czech Republic's ESCO market has been driven by bottom-up efforts and supported by a favourable legal framework.
- The typical clients of ESCO are public buildings including hospitals, educational facilities (schools, kindergartens, universities) and offices.
- Key barriers include legal ambiguities, limited government support and a lack of trust in the EnPC concept.

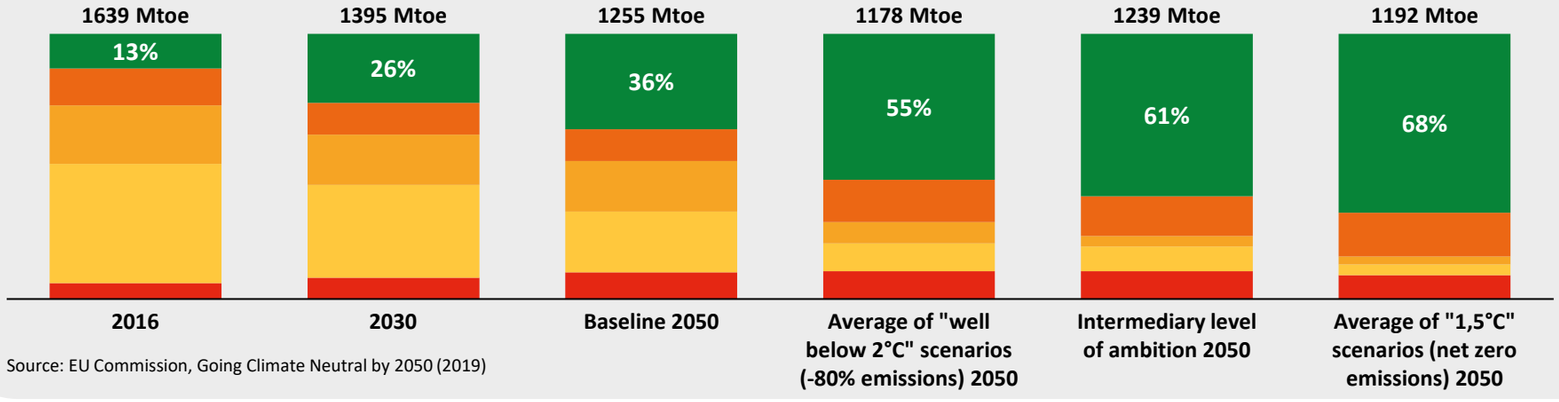
Hungary

- The Hungarian ESCO market has experienced significant fluctuations, with activity remaining low since 2010.
- Key barriers include lack of trust, regulatory uncertainty and low commitment, with public sector procurement posing particular challenges.
- There is potential for market revival through clearer regulations, grant conditions favouring complex investments and efforts to rebuild trust.

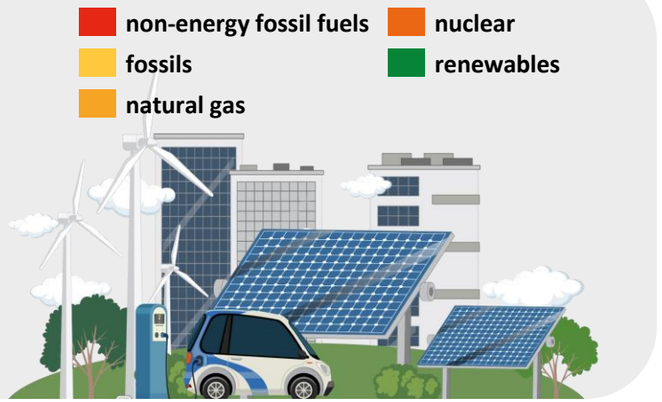
EU's Green Strategy

In line with the EU's Green Strategy 2050, there will be an increasing pressure on energy efficiency of buildings whereas renewables will gradually increase their share relative to the conventional sources

Energy - inland consumption in Europe (Megatons of energy)



Source: EU Commission, Going Climate Neutral by 2050 (2019)



EU strategy

- Energy efficiency crucial in decarbonization; buildings will play a major role
- Residential and service buildings currently account for 40% of EU energy consumption – with 75% of these buildings being built before energy performance standards existed
- Most of the housing stock of 2050 exists already today; this will require **higher renovation rates** and **switching to renewables for heating**, improved management systems and improved materials for insulation.
- Deployment of renewables – target of 32% by 2030.
- The transition toward a decentralised power system needs a smart, flexible system with interconnectivity, large-scale energy storage, demand-side response and management through digitalisation.

KOOR opportunities

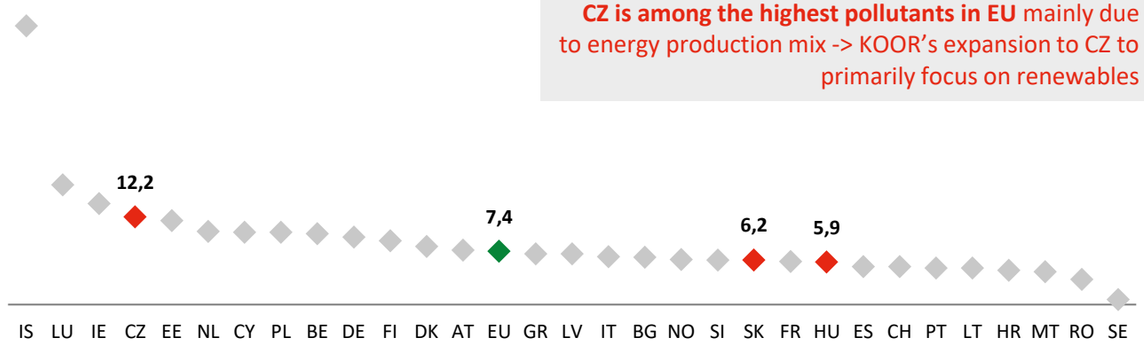
- With KOOR's market position in complex energy services, the need of higher renovation rates → **enhanced renovation project pipeline for KOOR**
- KOOR has **all necessary permits and personnel expertise** to participate in installation of renewable sources
- Increasing penetration of renewables will cause higher unpredictability of production and hence imbalance of transmission network → **space for synergy with BESS**

Situation in SK, CZ and HU

Within the next decade, the CEE's renewable energy capacity is forecasted to increase by 90 GW, a significant development for countries currently trailing as some of the least advanced in the EU in terms of renewable energy.

Net greenhouse gas emissions by EU country, 2021 (t/Cap)

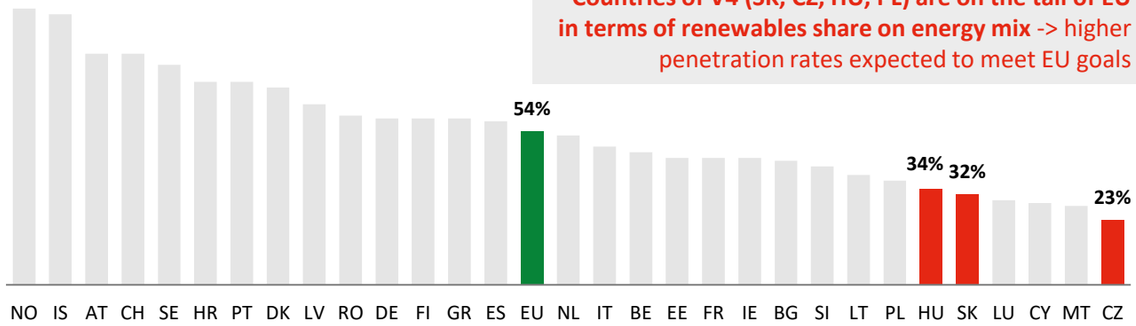
CZ is among the highest pollutants in EU mainly due to energy production mix -> KOOR's expansion to CZ to primarily focus on renewables



Source: Eurostat

Renewables share in electricity capacity by EU country, 2022 (%)

Countries of V4 (SK, CZ, HU, PL) are on the tail of EU in terms of renewables share on energy mix -> higher penetration rates expected to meet EU goals



Source: IRENA

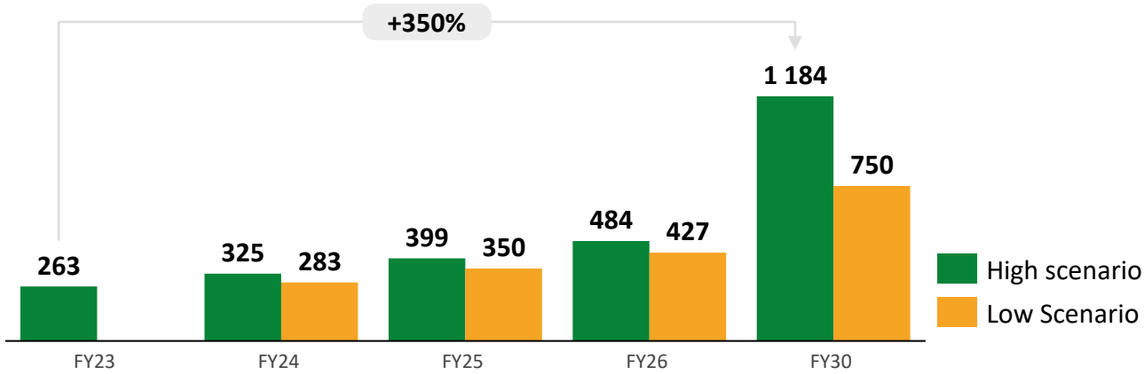
Key trends

- In 2021, the net emissions of greenhouse gas in the **Czech Republic** were 12.2 tonnes per capita, which is **one of the highest rates in Europe**. Only Iceland (38.9 t/Cap), Luxembourg (16.7 t/Cap), and Ireland (14.1 t/Cap) had higher rates. Meanwhile, Hungary and Slovakia had considerably lower rates, at 5.9 t/Cap and 6.2 t/Cap respectively, although these were not the lowest in Europe. The European Union as a whole contributes about 9-10% of global emissions (or 3,541 MtCO2 e in 2021), of which target countries emissions constitute approx. 6.4%.
- Despite **Slovakia** not being one of the top contributors to greenhouse gas emissions, it struggles with substantial air pollution problems. It has **one of the highest levels of dust particle concentrations in the EU**, largely due to **outdated industrial technologies and the domestic burning of solid fuels**.
- Czech Republic, Hungary and Slovakia are among economies that make progress or **commitment toward building a green future**. In 2023, Slovakia stands at 35th place among 76 global economies in its commitment to embracing a greener future. Meanwhile, the Czech Republic holds the 31st position, and Hungary follows closely at 29th.
- In the efforts to reduce greenhouse gas emissions, **all three countries are exploring alternative energy sources for the future use**. According to Fitch Solutions, PV installations are poised to dominate the renewables sector in the CEE region in the next decade.
- **Renewable energy capacity is projected to expand in all target countries**. In the Czech Republic, it's anticipated to rise from 23.0% in 2022 to 30.5% in 2032. In Hungary, the figure is predicted to increase from 34.0% in 2022 to 36.3% in 2032 (following significant investments in solar power plants in the recent years). Meanwhile, in Slovakia, the value is expected to grow from 32.0% in 2022 to 41.1% by 2032.

Photovoltaics – EU market trends

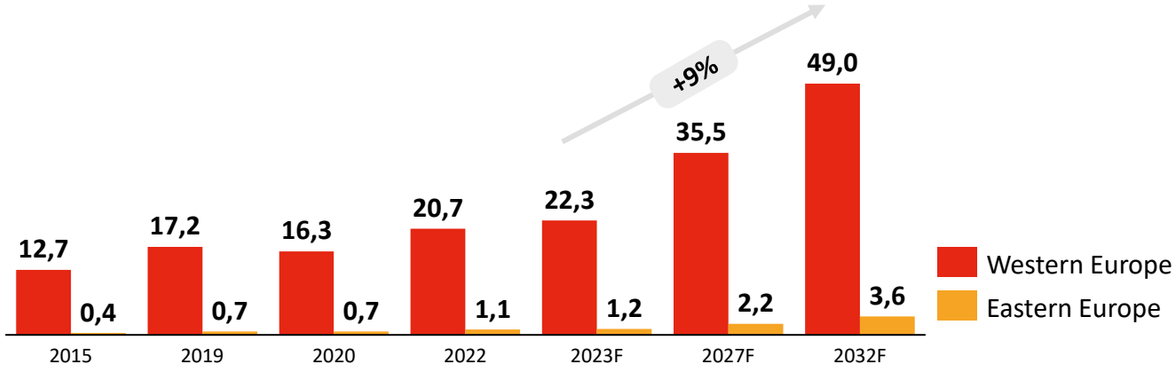
Large demand for photovoltaics (PV) within CEE region in combination with EU decarbonization initiatives and lack of technical capacities are about to drive KOOR and entire sector performance in upcoming years

EU27 Total Solar PV Market Scenarios for 2023-2030 (GW of installed capacity)



Source: Solar Power Europe, EU Market Outlook For Solar Power 2023 - 2027

Europe Solar Energy market size, 2015-2032 (EUR bn)



Source: The Business Research Company 2023, Global Solar Energy Market Regional Comparisons October 2023

Key trends

Market Description

- Landmark EU Solar strategy as part of **REPowerEU strategy**.
- In the first months of 2023, the energy crisis persisted, and the soaring electricity prices caught citizens, businesses, and policymakers off guard.
- In 2023, solar PV installations in the EU reached **55.9 GW, marking a 35% growth from 2022** and doubling the market in just two years
- In 2023, **solar installations increased in 25 Member States**, with 20 reaching record highs.
- The recent energy crisis accelerated the growth rates in solar capacities (solar boom years in 2022 and 2023 with 24% and 27% growth rates, respectively). The European solar **power generation fleet is expected to increase** from 263 GW in 2023 to at least 427 GW by 2026 (CAGR of 18%).

Drivers

- REPowerEU program is **targeting 45% share of RES** up to 2030. Measures to pledge Russian dependency includes new EU Solar target of **750 GW by 2030**.
- **Combination with BESS** - cost savings from price variations and energy security in case of black outs.
- **Rooftop Solar Initiative** (EU Commission initiative) - mandate for all commercial and public buildings from 2027 and new residential buildings from 2029 is about to make solar PVs integrated into standard energy infrastructure.

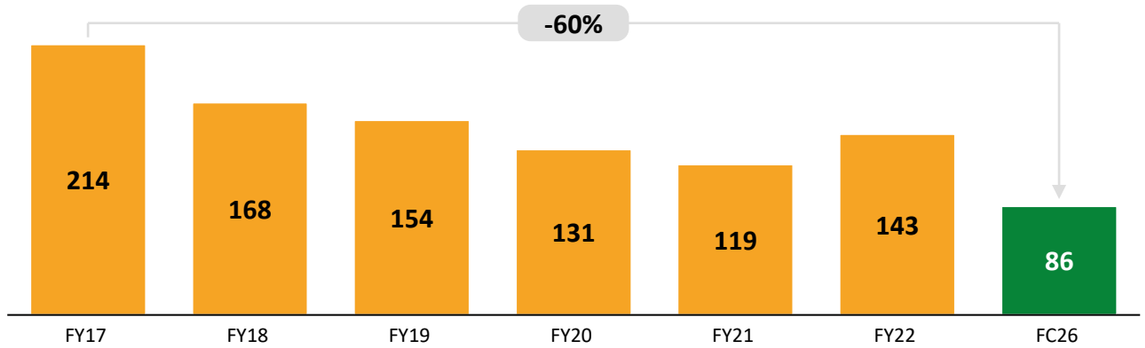
Opportunity

- One of the **main bottlenecks** (and at the same time **opportunities for ESCO companies**) is that the capacity of installers does not cope with current demand.

Battery energy storage system (BESS) – EU market trends

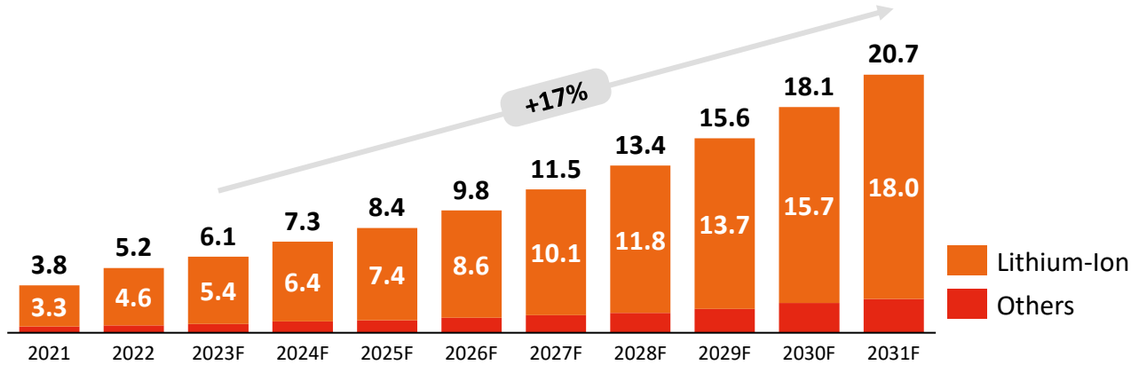
BESS market is expected to increase in line with the increasing share of renewables in the countries' energy mix. Availability of the technology is expected to be supported by the decline of prices of Lithium-ion batteries

Europe Battery Energy Storage System Market: Average Lithium-ion Battery Price, (EUR/KWh)



Source: Mordor Intelligence, Europe Battery Energy Storage System Market Size & Share Analysis 2023

Europe Stationary Battery Storage Market Size, 2021 - 2031 (EUR bn)



Source: BIS Research, Stationary Energy Storage Market - A Global and Regional Analysis 2023

Key trends

Market Description

- The Europe stationary battery storage **market is projected to expand significantly, with a 16.5% CAGR** from 2023 to 2031. In 2022, the market was valued at EUR 5.2bn, and it is expected to reach EUR 20.7bn by 2031. This growth is driven by ongoing reforms aimed at improving energy efficiency and a heightened focus on energy security.
- Despite the growing demand for BESS as a reaction to demand for uninterrupted power supply, there are still **constraints in the area of raw material supply** for battery production.

Drivers

- The **key market driver of BESS** appears to be the price of lithium-ion batteries (EUR/KWh), which, although had a minor increase between 2021 and 2022 (+20% to 143 EUR/KWh), but is predicted to fall to 86 EUR/KWh by 2026.
- Furthermore, under the REPowerEU plan (Decarbonization and energy independence program from Russia), the entire **European region is anticipated to develop renewable energy generation capacity** of 1,236 GW by 2023, creating major prospects for BESS and firms that provide these solutions.
- Local government subsidies and policies aiming for carbon neutrality by. KOOR management anticipates that such **local government and EU measures will accelerate the market and drive ESCO companies'** engagement in the decarbonization process.

Potential of BESS

BESS will be one of the essential tools for maintaining balance in the electricity transmission networks, increasingly so after gradual decommissioning of gas-powered flexibility sources and increasing penetration of solar and wind powerplants

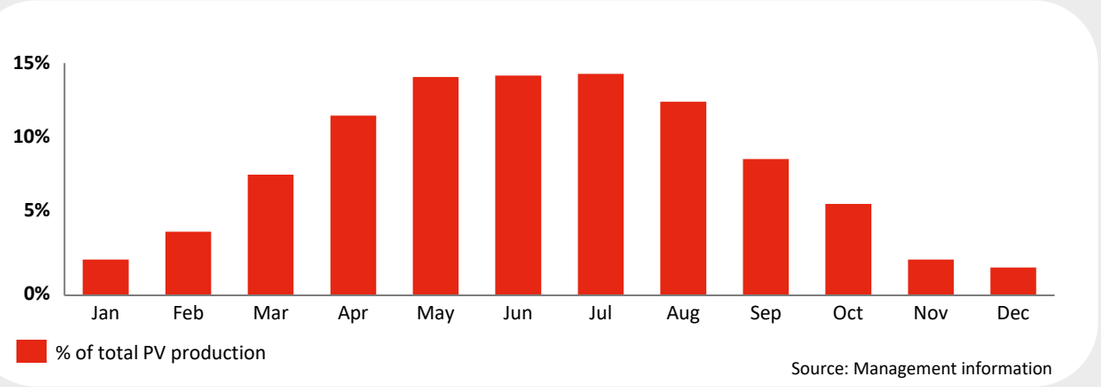
Renewable sources limitations – Example of PVs

Predictability of production

- While the production within the year can be predicted within the range of 1-2%, within specific days the difference can be up to +-20% compared to the prediction.

Unevenness of production within the year and day

- The **production within 5 months is up to 70% of annual production.**



Source: Management information

Achieving peak production only in a limited time

- Photovoltaics produces only about 50-55% of the time during the year, and reaches the maximum peak only a fraction of the time (also only in the first years of operation).

Similar limitations regarding unpredictability due to external factors (weather) also apply for Wind energy sources.

Potential of BESS integration

Flexibility

- The ability of a device/technology/entity to change its production or consumption curves of electrical energy against the grid

Usage

- **Transmission network manager**
  - Uses flexibility to ensure performance balance.
  - Achieving stability of the energy system (in which there are continuous changes in production or consumption in the network), either directly or as a more common scenario = through an aggregator/virtual block
- **Balancing groups** = entities responsible for the deviation (usually electricity traders)
  - uses flexibility to offset the imbalances that have arisen against their planned production or consumption curves and thus know how to avoid penalties (additional costs).

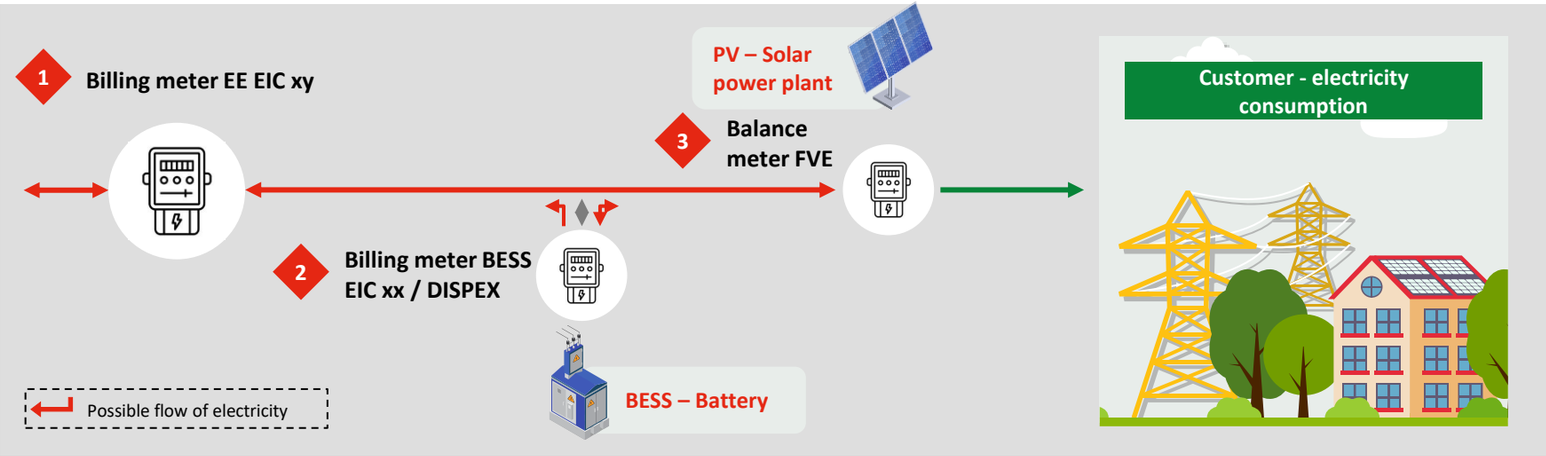
Interaction

- Discharge or charge the battery in a controlled manner according to the requirements of external entities on the energy market.
- With the combination of PV and BESS, it can better predict the operation and use the surplus energy from PV in a better way within the market.

Interaction between PV and BESS within a system

Installation of combined BESS and PV solution extracts significant synergies, allowing to optimize the flow of energy at different times and either store excess energy or sell the surplus energy to the network

Energy flow in operation



The parameters of BESS, its sizing, and the design of functions can vary according to the mode of operation of the PV system as well as obligations arising from legislation (responsibility for deviation, business model, various surcharges or subsidies, ...)

Behind the meter
Installation of photovoltaics for local use only for a specific operation (possibly as an off-grid solution).

Greenfield
Installation of photovoltaics with direct supply of the entire production to the distribution network.

Hybrid
Photovoltaics utilizing energy in the local network and supplying surplus production to the distribution network.

Contracting of PV and BESS with KOOR

PV – Energy equipment operation agreement:

- During the contractual term, the PV remains in KOOR's ownership
- The client pays the agreed price per KWh produced from the PV system
- Upon the expiry of the contract, the client becomes a 100% owner of the PV system
- Securing mandatory purchase of EE in accordance with SK legislation

BESS – Electricity purchase, operation, and equipment loan for electricity storage and flexibility provision agreement

- A tripartite agreement between the operator, investor, and the owner of the consumption point
- BESS is operated by KOOR group (DISPEX - owner of licenses)
- In joint management and operation with the PV system
- BESS operated within FCR or flexibility

4

Strategy & SICAV establishment

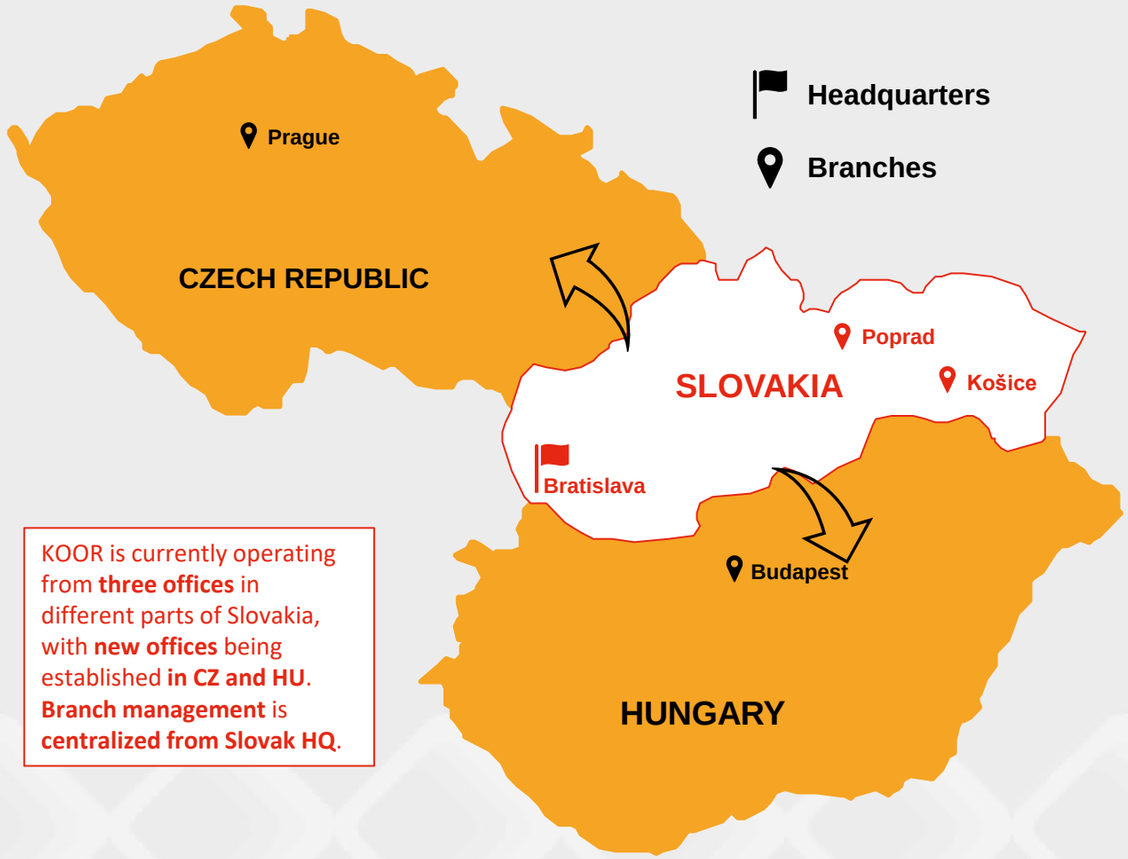
Expansion of operations to Czech republic and Hungary

KOOR is following up on the successful growth on Slovak market by expansion to the neighbouring countries – Czechia and Hungary – with favourable conditions for entry in the electro energy and GES / EPC renovations segments, respectively. The subsidiaries have already been established and are expected to launch within the next two years.

Strategy of Expansion

Expansion to Czech Republic (CZ)

- Launch of the operations is planned for **2024-2025**;
- Focus on the development of **PV**, **HVAC** and **BESS**;
- Gradual development in all GES and EPC segments;
- Ongoing implementation of business activities and the **preparation of the necessary permits** within the CZ (competences of OTE and ERU);
- ERU heat business permit and creation of OTE balance group.



KOOR is currently operating from **three offices** in different parts of Slovakia, with **new offices** being established **in CZ and HU**. **Branch management** is **centralized from Slovak HQ**.

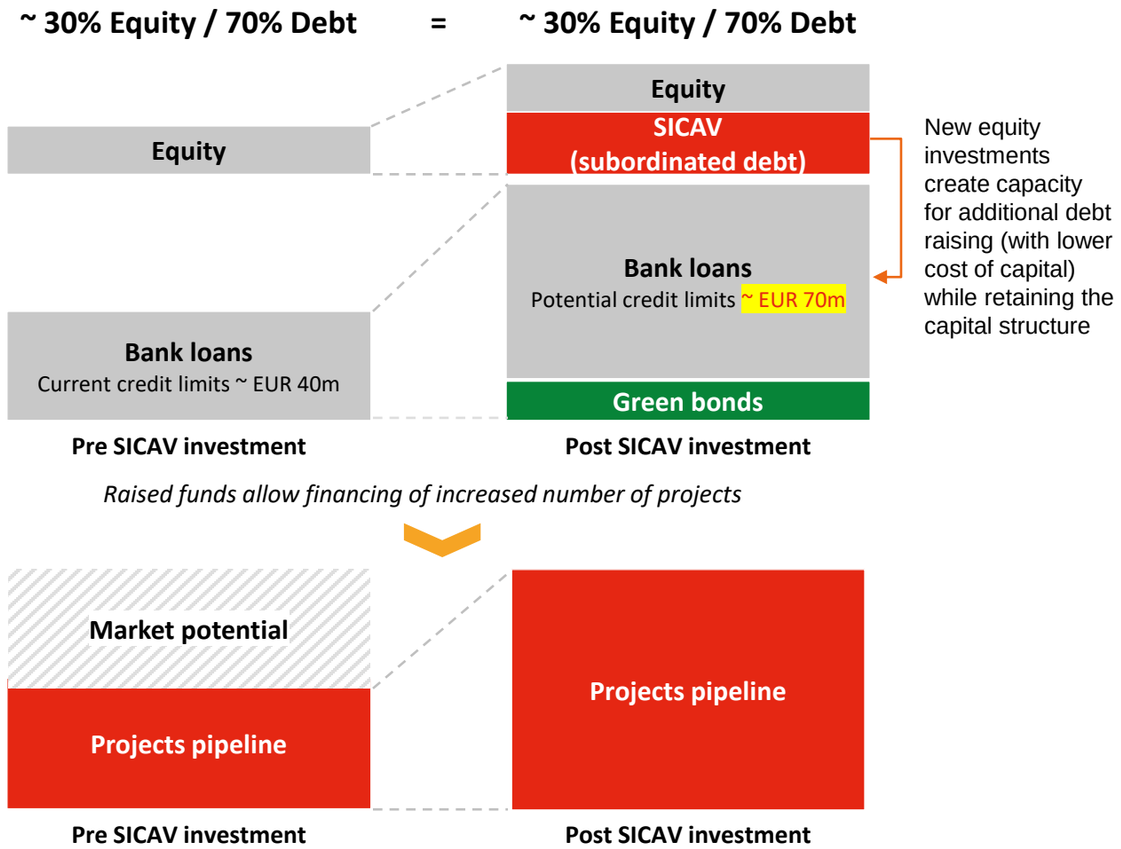
Expansion to Hungary (HU)

- Launch of the operations is planned for **2025-2026**;
- Focus on the development of the strategy of **GES** services and **EPC** services for the renovation of buildings and objects;
- Gradual transition to the provision of FVE, HVAC and BESS services on the HU market;
- Ongoing implementation of business activities and the **preparation of the necessary permits** within HU;
- The management of the branch is under the supervision of the SR, otherwise an independent LLC.

SICAV establishment

To accommodate the escalating demand for renovation projects, it is essential to raise additional capital. Establishing SICAV emerged as the optimal strategy, allowing non-institutional stakeholders to support KOOR's business growth directly via investment and indirectly by "unlocking" further external debt raising

Target Capital Structure



SICAV Establishment

- KOOR focuses on **long-term investment initiatives**, hence the company's expansion necessitates major capital raising.
- External funding (mostly from banks) is contingent on adequate own capital (equity).
- For this purpose, KOOR established an investment fund **KOOR ESG SICAV** in 2022, which allows the group to raise quasi-equity funds, further increasing its debt capacity, while the investors receive guaranteed returns above market average and in case of certain type of shares also excess return based on the group's performance.
- KOOR is also preparing for issuance of **green bonds** by the SICAV fund in accordance with ICMA Green Bond and EU Green Bond principles.

Why SICAV in Czech Republic?

Features and flexibility
Ability to create fully controlled sub funds with flexible shareholding structure. Tax benefits after time test

Legislation
Implementing regulation are more suitable in Czech Republic plus stable legal environment for QIF-SICAV

Market environment/maturity
100+ QFI funds in 10+ years time with 20 mld CZK raised annually . Investors in CR are used to this model,corelates with expansion plans

Source: Management information

Development of Energy Management Platform

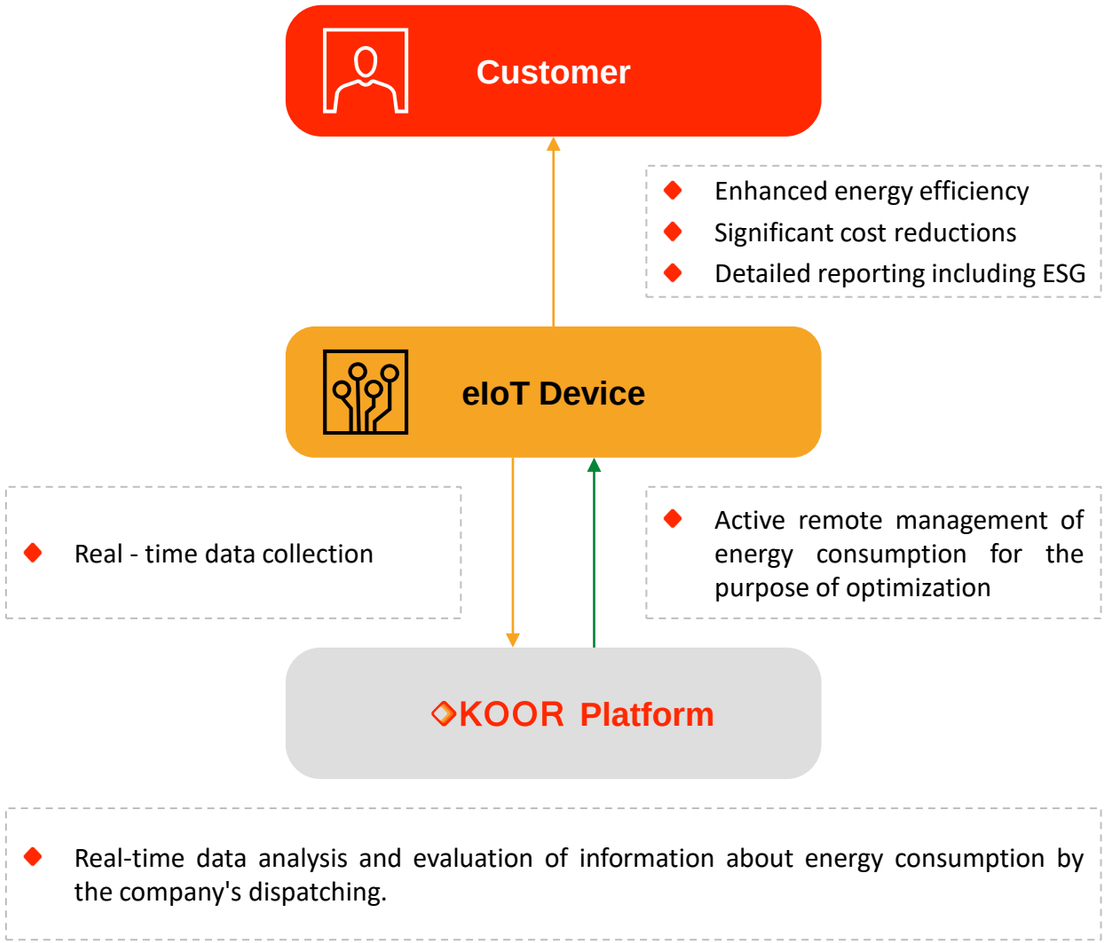
KOOR is developing and gradually upgrading an inhouse platform for energy management of buildings, allowing for better control compared to a 3rd party solution. Next step is in developing an inhouse aggregation platform, to manage energy consumption via the combination of PV and BESS and offer flexibility for the network operators

The Platform

- As part of a **grant from Norwegian funding**, the company and its Norwegian partner **SINTEF** developed the architecture for the Digital Energy Services Platform.
- The platform **focuses on building energy management** by evaluating and analyzing data from operational sources within the building, as well as data from internal meters and building user behaviour.
- The platform not only visualizes the given data, but it **also evaluates the data in the real-time.**
- The company owns the platform, allowing it to give **complex solutions to clients without relying on third parties.**
- **The goal of the Platform is increasing energy efficiency and energy management** of buildings using real data, resulting in direct savings for clients as well as effective data documentation.
- The digital **platform provides a clear competitive advantage** while also reflecting market needs related to ESG.

Next steps

- The **company is about to develop its own aggregation platform for managing energy resources**, with the goal of offering flexibility and aggregation of the electrical network



5

Case studies

Case Study #1 – Guaranteed Energy Service (GES) for the RTVS Radio Station

A renowned building of Radio and Television of Slovakia (RTVS) went through modernization via GES project comprising replacement of the old lighting infrastructure with new energy-effective devices, as well as new PV sources and internet network for smart metering.

Radio and Television of Slovakia (RTVS) in Bratislava

Solutions

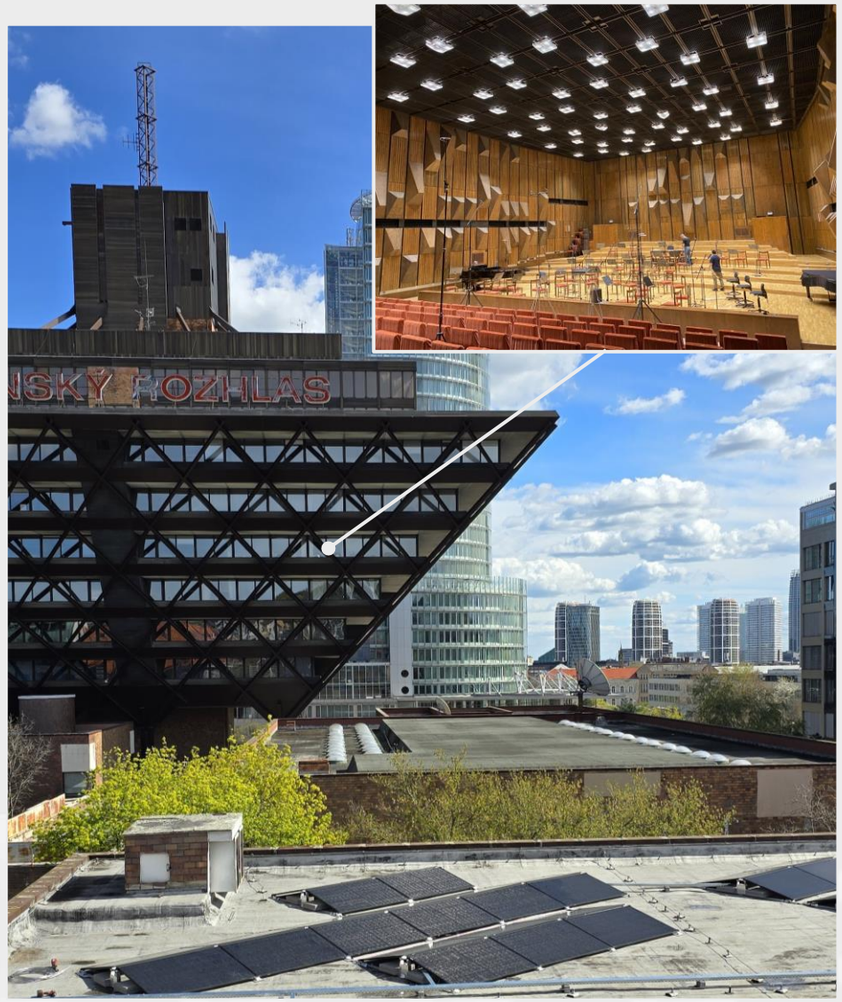
- **Installation and replacement of floodlights** within the historic RTVS building
  - **12,200** LED lamps installed
- **Replacement of the flood cooling machine** with a new model with turbo compressors
- **New 96 kW PV power plant installed** on the parking lot
- **Internet network of devices has been built**
  - DALI control system controls new LED lamps
  - Energy consumption monitoring; electricity, water and heat meters; temperature and CO2 sensors and weather station via KOOR Energy Management.

Results

- **2574 MWh / year**
  savings in lighting and cooling consumption
  Including PV power plant vs. the reference period 2880 MWh / year

Reference energy

- **Lighting 2000MWh**
- **Cooling 880 MWh**



Case Study #2 – Decentralization of heating infrastructure in TATRAVAGONKA Poprad

Realization of heating infrastructure modernization in the buildings of the Tatravagonka Poprad (a leading producer of train wagons in CEE) company headquarters via a specific GES works contract, with the aim of decreasing energy consumption in production of heat for 5 production halls and 11 production/operations objects.

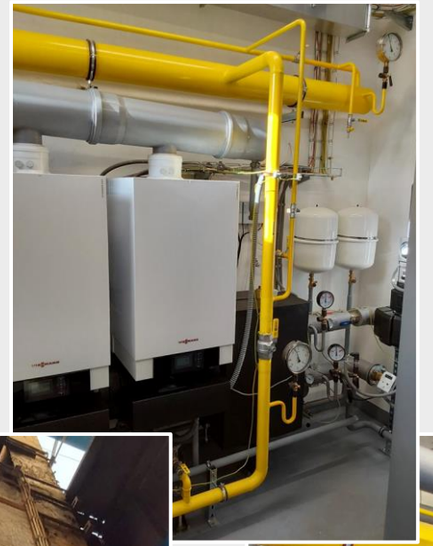
Tatravagonka Poprad a.s. in Poprad (Eastern Slovakia)

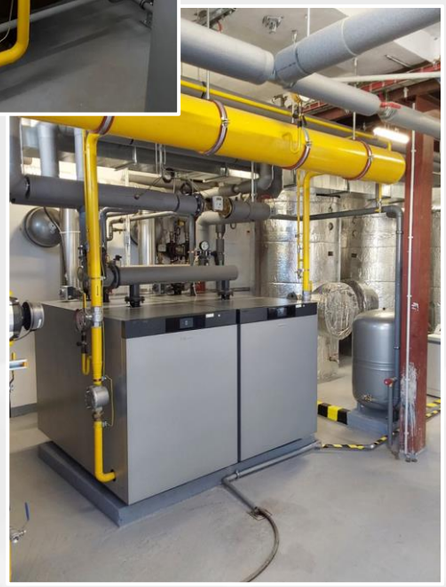
Solutions

- **Decentralization of heat production and supplies**
  - Replacing central gas boiler with **6 stationary, 15 suspended condensing boilers** and **2 air-water heat pumps** with total power of **3.318 MW**
- **Installation of modern infrared lamps**
- **Construction of a new system for heat recovery from compressors** for heating in two production objects

Results

- ~**38,3%** (1.7 mil. m3)
  savings of natural gas in 2023 compared to the reference period





Case Study #3 – Upgrade of HVAC infrastructure and PV sources in school & kindergarten

School & kindergarten in Eastern Slovakia had obsolete heating infrastructure resulting in bad energy efficiency parameters. KOOR proposed a combination of measures, which demonstrably decreased the energy consumption and CO2 emissions.

Secondary Vocational School in Trebišov (Eastern Slovakia)

Solutions

- **Installation of a new heat pipe.**
- **Reconstruction of the boiler room and establishment of new machine rooms.**
- **Replacement of ceiling ventilation units.**
- **Insulation of buildings and repair of damaged roofs, cladding of the building.**
- **Installation of photovoltaic panels in phase II.**

Results

- **~ 27 %**
  savings in heat consumption vs. the reference period
- **~ 40 tons**
  reduction in CO2 production
- **PV generating 30.4 MWh in 2023**
- **Smart solution** - IoT measurement - online monitoring of energy and heat consumption


Dostavba na jednom z hlavných objektov školy


Osadenie fotovoltiky s celkovým výkonom 39,7 kW

Case Study #4 – Battery Energy Storage System (BESS) project for an undisclosed client

Battery storage installed at the customer's premises within the DISPEX's balancing group (a KOOR subsidiary with license to operate balancing groups) to provide flexibility within the electricity network and decrease the reserved capacity.

Undisclosed client

Solutions

- **BESS (1.5 MW) installed on the basis of a tripartite agreement** (between the client, KOOR OZE as the owner of the BESS equipment and DISPEX which operates the BESS and PV, provides flexibility to TSO and operates the balancing group)
- **DISPEX** also performs BESS service and maintenance.

Results

- **Reduction of reserved capacity** for the client **from 7.3 MW to 5.6 MW, generating savings of approx. 24% (approx. EUR 65k / year.)** compared to the reference period
- **Providing flexibility and price arbitrage opportunities**
- **Transfer of responsibility for deviations**

6

Competitive environment

Competition Landscape

ESCO Market in Slovakia is still “under construction” Current market players are not able to cover large demand without strong funding pipeline. KOOR is well established on the Slovak ESCO market, covering a wide spectrum of services, all carried out via in-house know-how and personnel.

Slovak ESCO market segmentation

- Slovak ESCO market is still developing, with only few players available to deliver complex energy services based on renewable sourcing or consumption saving. KOOR perceives current market as “**low-competitive**”.
- Major players in the segment have regular meetings and created **Association of ESCO companies** in Slovakia **(APES)**.

APES

- KOOR would welcome more companies operating within ESCO to “create the market environment” since **collaboration is required to cover growing demand for GES or energy services** in general.

KOOR competitive position

- KOOR has a well established competitive positioning thanks to its **innovative products and services**, offering solutions that are technologically advanced and adapted to current market trends within ESG in the full scope of design and implementation.
- KOOR has fortified its already strong service offering with **in-house expertise** by **establishing own team of specialists for design and operations of BESS systems** used in flexibility and regulation of network, which is a growing market.
- KOOR fosters its market position by **constantly adapting to market changes**, investing in innovation and maintaining a high level of quality and customer service.

Key competitors

Competitor	Solutions	Other information
ENGIE	• GES, BESS, PV, Heat, EE	
ESCO SLOVENSKO Spoločný podnik ČEZ ESCO a SPP	• GES, PV, Heat, Lighting	• JV between SPP and CEZ
EkoTerm člen skupiny ZSE	• GES, Lighting, FVE	
VEOLIA	• Heat, GES, PV	• Primarily producer and distributor of heat and hot water
SLOVENSKÉ ELEKTRÁRNE	• BESS, PV, Heat	• Production of electricity, heat
SPP	• PV	• State-owned energy supplier
FUERGY	• BESS	• Energy equipment and solutions
STEFE E	• Heat	• Hot water system supplier

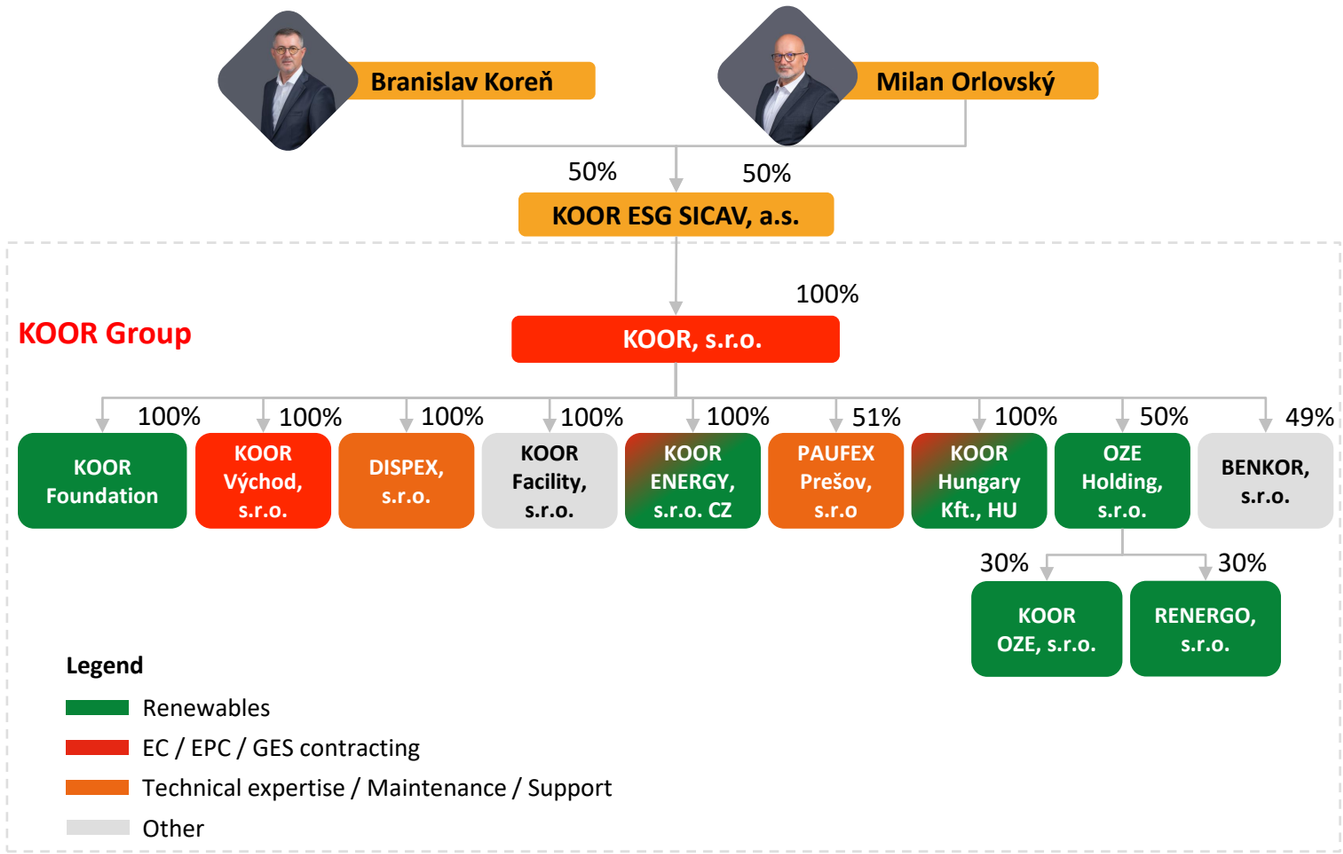
7

Organization structure

Group structure

KOOR Group consists of 10 entities with specific purposes, under the umbrella of a newly established SICAV fund to raise equity financing to facilitate further growth

KOOR Group structure



Source: Management information

- **KOOR, s.r.o.,** as a mother company of the Group specializes in delivery of projects that improve energy efficiency of buildings and implementation of customized solutions using renewable energy sources.
- In 2012, **KOOR Východ, s.r.o.,** founded in Košice, took over the company's activities in eastern Slovakia. Its primary commercial activities include heat production and distribution, as well as the execution of EPC (Energy Performance Contracting) and EC (Energy Contracting) projects.
- **DISPEX, s.r.o.** was also founded in 2012, providing the parent firm with technological competencies. It ensures that heat and electricity production and distribution technologies function properly. The company also sells energy commodities (heat) based on approval from URSO.
- The third subsidiary, **KOOR Facility, s.r.o.,** created in 2016, completes the customer service offering. It offers facilities management services with a focus on leveraging cutting-edge technology to reduce operational costs.
- **PAUFEX s.r.o.** has been a member of the KOOR group since 2020, specializing in metering and regulation (MaR) for heat generation and supply, wastewater treatment plants (WTP), and technological process management.
- In May 2022, **KOOR OZE, s.r.o.** was founded in collaboration with the Slovak Energy and Waste Fund. It promotes sustainable energy, which will allow KOOR to develop its activities in renewables, incl. solar panels, on-grid and off-grid battery systems and other. While KOOR has minority interest in the company, it has significant influence on running of the company.
- **KOOR ENERGY, s.r.o.** and **KOOR Hungary Kft.** were established to carry out KOOR operations on Czech and Hungarian market (operations yet to be launched).

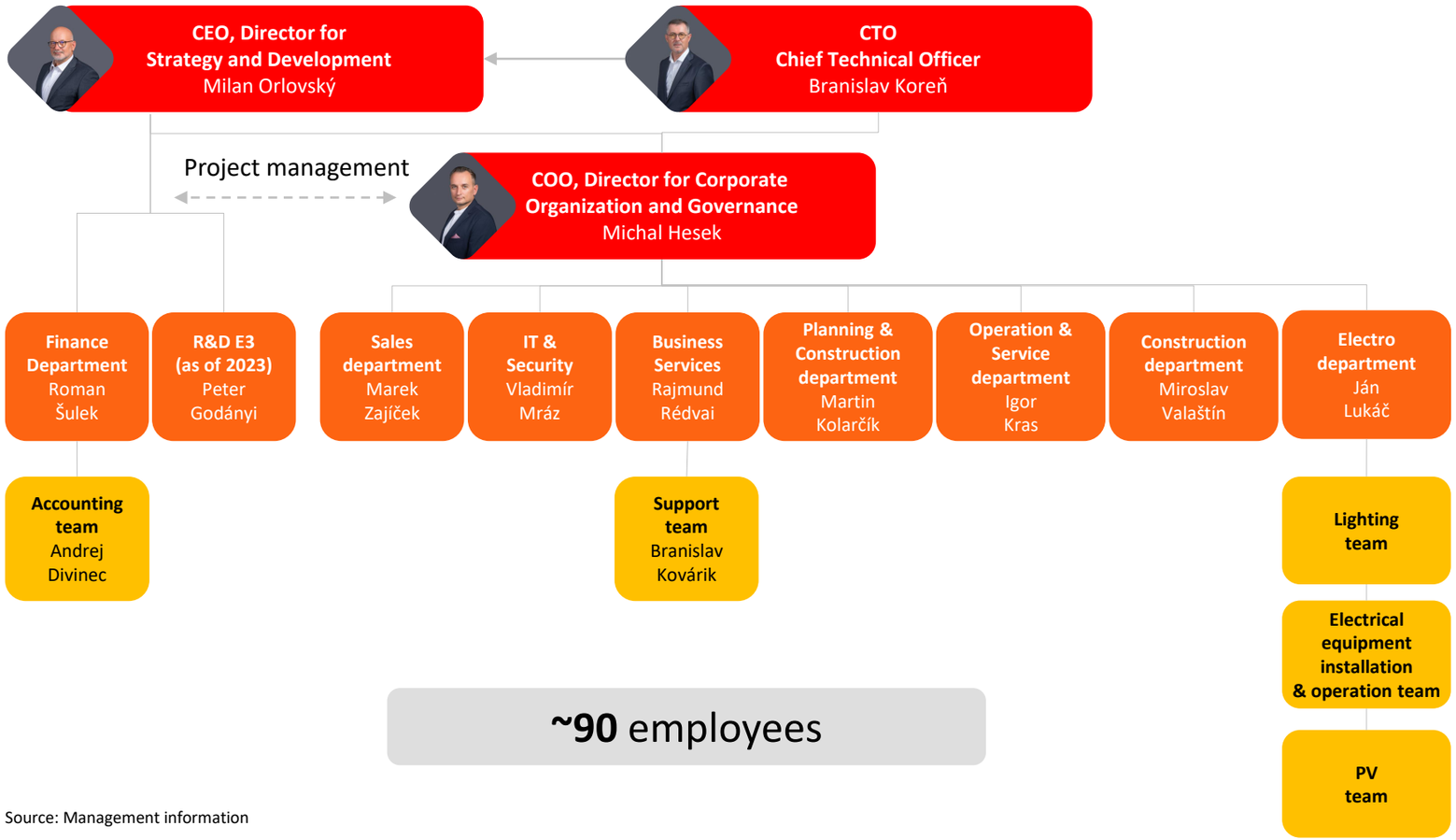
Organization chart

KOOR has a well-defined hierarchical organization structure with specialized functional departments cooperating on the project origination and delivery. Green committee ensures that the sustainability criteria are met.

Individual company operations within the Group

- The executives decide on key corporate affairs, manage risks and are paramount to creating long-term corporate objectives and strategies, including ESG.
- Heads of individual departments represent middle management, while the Head of the Financial Department reports directly to the CEO of our company. Other departments report their agenda and results to the COO.
- The departments cooperate on the project preparation and realization in their particular expertise. Projects, together with the associated business plans, are subject to approval by an inhouse Green committee, which assesses whether the projects fulfil the ESG criteria, before they are handed for approval to the executive management.

KOOR s.r.o. company structure



Source: Management information

Key Management

The top management team has decades of experience in technology, energy and business. The founders actively participate in the business, bringing unparalleled innovation and strategic insights to KOOR's ESCO services. The team is further supported by operations, sales and financial experts, all of which are essential pieces in the complex energy services projects.

Milan Orlovský

CEO – Director for Strategy and Development, co-founder of KOOR

- Co-founder and co-owner, serving as executive director of KOOR, with 14 years of experience in the field of EPC and GES projects.
- He is rresponsible for the strategy and management of the entire group, with the main task of setting the company's vision and goals with the CTO and COO.
- Milan achieved the highest education as an engineer of microelectronics and laser technology, to which he added an MBA in business administration.
- In the past, he worked for more than 9 years as the executive director of a Slovak company focused on wholesale sales and service of a wide portfolio of products in the field of consumer electronics.

Branislav Koreň

CTO – Chief Technical Officer, co-founder of KOOR

- Co-founder and co-owner of KOOR, serving as executive and technical director.
- Branislav has more than 15 years of working experience as the specialist in the various electronic systems with focus on personal computers, protection systems for property, people and fire systems, and low and high electrical installations.
- Fulfilling the current role, Branislav is responsible for the technological aspects of the company and the management of the technology strategy and the operational strategy within the KOOR group.
- Achieved the highest education as a computer electronics mechanic.

Michal Hesek

COO – Chief Opertions Officer

- Chief Operations Officer of KOOR, with 11 years of experience in Technical development. Previously, Michal worked in VEOLIA as a senior technical manager and also as a specialist for technical development of activities connected with the operation of thermal engineering equipment and their maintenance.
- As a COO, Michal is responsible for managing the day-to-day operations and efficient company functioning; he is also partly responsible for managing the operations and technical teams under the CTO.
- He obtained his highest education as an engineer of the Faculty of Civil Engineering at the Slovak Technical University.

8

Business plan

KOOR Business plan (1/2)

KOOR projects a revenue CAGR of 15% between FY23 and FY30. The growth is mainly driven by BESS & renewables, with high-value projects in the pipeline starting from FY25.

Income statement FY21-FY30F

KOOR Group

EUR in 000's	FY21	FY22	FY23	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
Fixed component (Heat, EPC/GES operation)	3,354	3,596	4,642	6,860	11,041	11,784	12,665	13,600	14,526	15,608
Variable component (reinvoiced energies)	2,524	4,834	5,541	7,043	7,788	8,349	8,941	9,483	10,145	10,800
Contracts for work	5,361	13,168	19,177	20,725	21,942	26,595	31,698	37,733	43,533	49,744
Revenue	**11,239**	**21,598**	**29,360**	**34,628**	**40,770**	**46,728**	**53,305**	**60,815**	**68,204**	**76,152**
% revenue growth	*nq*	*92%*	*36%*	*18%*	*18%*	*15%*	*14%*	*14%*	*12%*	*12%*
Cost of reinvoiced energies (variable component)	(2,080)	(4,567)	(4,685)	(6,391)	(6,919)	(7,268)	(7,672)	(7,997)	(8,396)	(8,882)
Investment costs (subcontractors) on Works contracts	(3,740)	(8,326)	(12,564)	(13,578)	(14,375)	(17,424)	(20,768)	(24,721)	(28,521)	(32,591)
Personnel costs - operations	(240)	(464)	(731)	(728)	(762)	(866)	(953)	(1,082)	(1,190)	(1,350)
External costs of operations	(508)	(702)	(741)	(1,035)	(1,380)	(1,432)	(1,494)	(1,544)	(1,606)	(1,681)
Depreciation of technological equipment ❶	(2,314)	(2,261)	(1,964)	(2,807)	(4,173)	(4,173)	(4,399)	(4,637)	(4,835)	(5,073)
Gross profit I	**2,357**	**5,278**	**8,674**	**10,088**	**13,161**	**15,564**	**18,019**	**20,834**	**23,655**	**26,575**
% Gross margin I	*21%*	*24%*	*30%*	*29%*	*32%*	*33%*	*34%*	*34%*	*35%*	*35%*
Personnel costs - sales / design & construction	(320)	(625)	(991)	(1,004)	(1,016)	(1,146)	(1,261)	(1,387)	(1,525)	(1,719)
Gross profit II	**2,038**	**4,653**	**7,683**	**9,084**	**12,145**	**14,418**	**16,758**	**19,448**	**22,130**	**24,856**
% Gross margin II	*18%*	*22%*	*26%*	*26%*	*30%*	*31%*	*31%*	*32%*	*32%*	*33%*
Personnel costs - overhead	(440)	(689)	(878)	(786)	(762)	(783)	(861)	(913)	(1,004)	(1,023)
Other overhead costs	(1,194)	(1,465)	(2,468)	(2,910)	(3,426)	(3,925)	(4,476)	(5,105)	(5,723)	(6,387)
Other operating income	2,229	1,438	1,126	1,175	1,276	1,375	1,472	1,576	1,676	1,782
Other operating costs	(1,217)	(1,251)	(1,418)	(1,704)	(2,763)	(3,718)	(4,682)	(6,026)	(6,928)	(7,303)
Reversal of depreciation in Gross profit ❶	2,314	2,261	1,964	2,807	4,173	4,173	4,399	4,637	4,835	5,073
EBITDA	**3,730**	**4,946**	**6,009**	**7,666**	**10,643**	**11,540**	**12,609**	**13,617**	**14,986**	**16,998**
% EBITDA margin	*33%*	*23%*	*20%*	*22%*	*26%*	*25%*	*24%*	*22%*	*22%*	*22%*
EBITDA adjustments	215	330	313							
Adjusted EBITDA	**3,945**	**5,276**	**6,323**	**7,666**	**10,643**	**11,540**	**12,609**	**13,617**	**14,986**	**16,998**
% adjusted EBITDA margin	*35%*	*24%*	*22%*	*22%*	*26%*	*25%*	*24%*	*22%*	*22%*	*22%*
Depreciation and amortization	(2,430)	(2,422)	(2,183)	(3,065)	(4,476)	(4,520)	(4,795)	(5,089)	(5,342)	(5,638)
Interest income / (expenses)	(316)	(508)	(1,096)	(1,295)	(1,528)	(1,754)	(2,002)	(2,286)	(2,565)	(2,865)
Other financial costs	(67)	(183)	(160)	(189)	(222)	(255)	(290)	(331)	(371)	(414)
Income tax	(150)	(423)	(212)	(589)	(710)	(805)	(826)	(908)	(1,399)	(1,926)
Net income	**767**	**1,410**	**2,358**	**2,528**	**3,706**	**4,207**	**4,695**	**5,003**	**5,309**	**6,154**
% net income margin	*7%*	*7%*	*8%*	*8%*	*10%*	*10%*	*9%*	*9%*	*8%*	*9%*

Source: Management information

Basis of preparation

- The Group does not yet prepare statutory consolidated financial statements in accordance with IFRS (expected in 2025/2026). The Business plan is prepared on a pro-forma consolidated basis after eliminating of IC transactions. Minority shareholdings are also consolidated according to the ownership share, as KOOR has management control over the entities despite minority economic interest.
- Results of entities Paufex (51%), KOOR Facility (100%), BENKOR (49%), OZE holding (50%), RENERGO (15%) and Nadácia KOOR are only recorded in single lines within other operating income and other operating expenses due to lower materiality and data granularity.
- Gross profit I contains expenses involved directly in the operation of the energy projects – remote monitoring, maintenance, investment costs to subcontractors on EPC/GES contracts, as well as depreciation of heating and other equipment ❶ used in projects operations, which is considered in pricing of the fixed component and in many cases sold to the customer after the end of the contractual term. While we believe this provides a better representation of the gross margin, please note that this is naturally lowering the gross margin %. The depreciation is then reversed before arriving to EBITDA.
- Gross profit II also contains costs incurred in project origination phase (sales and design/construction teams).

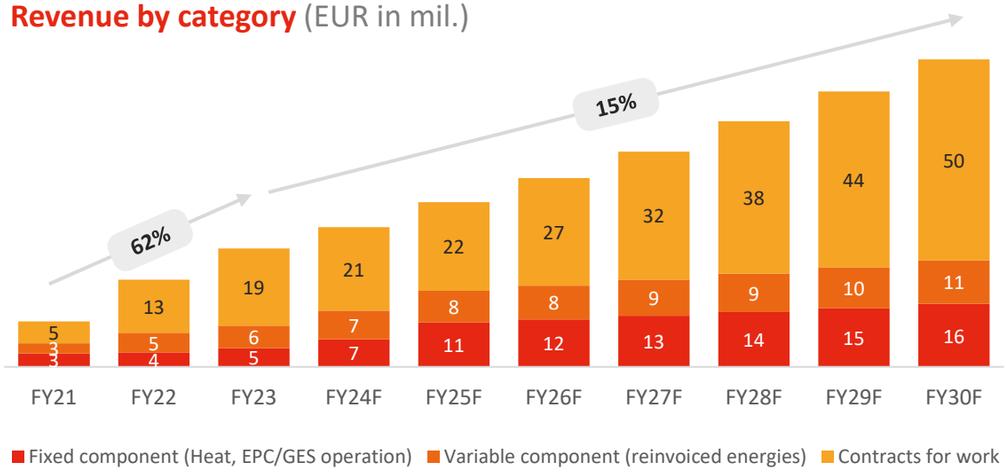
EBITDA adjustments

- EBITDA adjustments comprise pre-staffing costs (BESS non-productive personnel) (EUR 183k in FY23) and a portion of costs incurred in software development with SINTEF which was not covered by subsidy (approx. 131k in FY23).

KOOR Business plan (2/2)

KOOR projects a revenue CAGR of 15% between FY23 and FY30. The growth is mainly driven by BESS & renewables, with high-value projects in the pipeline starting from FY25.

Revenue by category (EUR in mil.)



Source: Management information

Revenue lines description

Fixed component – regular payments during the contractual term related to operation of the technological equipment.

Variable component – optional reinvoicing of energy commodity costs in production of heat / sale of excess electricity from LDS.

Contracts for work – Revenue from sale of the technological solution (one off revenue recognition). EPC / GES contracts are typically a combination of:

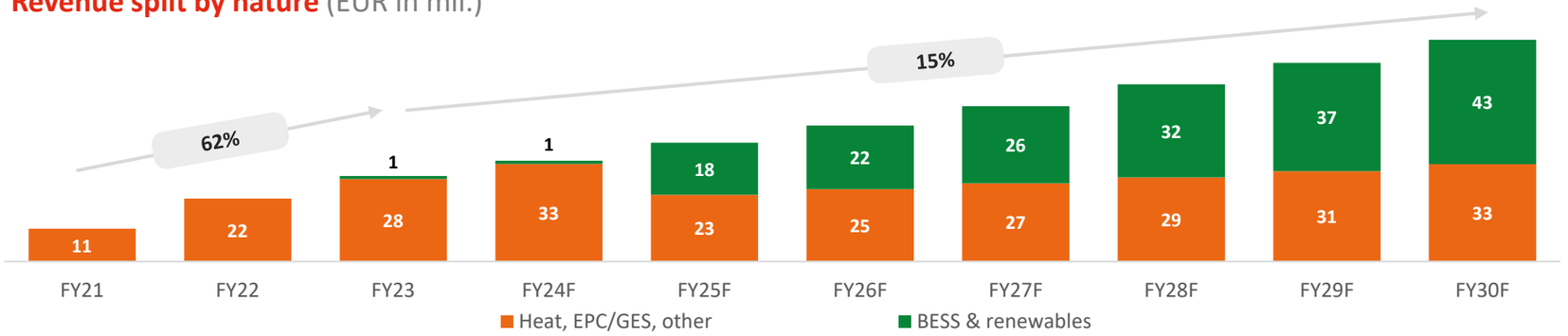
- contract for work (design and construction) – revenue recognized upon sale of the solution to the customer; recognized against a long-term liability with agreed repayment schedule (up to 10-15Y);
- fixed payments (operation) – a part of the fixed component above.

Revenue drivers

For BESS / renewables – Significant growth projected with emergence of the BESS segment in line with the expected market development in EU – higher share of renewables on the energy mix requiring higher flexibility. KOOR has already established a dedicated team of experts for BESS installations.

- Heat / EPC / GES – Growth in line with the increasing rate of renovation wave. There is a significant excess demand on the market, limited by available capital. With an excess of 10,000 public buildings with the need of renovation in SK alone, as well as growing ESG requirements and sensitivity of industrial companies to energy price fluctuations, the revenue growth in this segment is rather conservative (high value projects in FY23 and FY24 pipeline are probable to repeat in the future, but management is not accounting for these in this business plan scenario).
- The plan assumes raising of EUR 17m by SICAV fund by 2030 (with KOOR's optimistic scenario considering up to EUR 40m).
- Launch of operations in Hungary and Czech Republic. The new branches are expected to account for approx. 12% of the group revenue by 2030.

Revenue split by nature (EUR in mil.)



Source: Management information

Thank you!