

Enertronica Santerno: expansion of manufacturing activities in South Africa targeting the photovoltaic and storage markets

Castel Guelfo di Bologna, 15 June 2021

Enertronica Santerno S.p.A. (“**Enertronica Santerno**” or “**Company**”), a company listed on the AIM Italia market, a multilateral trading system organized and managed by Borsa Italiana S.p.A. (“AIM Italia”), hereby communicates that today, the Board of Directors approved an investment plan for the expansion of the manufacturing activities in the Republic of South Africa (hereinafter, the “Investment”).

The Investment, which will be in total worth around Euro 1 million and spread over three years, provides for the capability of manufacturing, in the same period, inverters for both standard photovoltaic applications and for electricity storage systems, for a total power of almost 1 GW and maximum production capacity of more than 500 MW per year. The project will be implemented starting from a production structure established over several years of operations in the country and which has proven to be highly reliable and successful, so that the Group will be able to deliver locally assembled inverters as of end of 2021. The whole Investment will be financed through internal resources of the Group with no impacts on the level of indebtedness of the same.

It must be pointed out that Enertronica Santerno has been constantly working in the country, with five-year and/or ten-year after-sales service agreements signed with the sector’s key players, for a total of around 400 MW. The Investment plan will also allow, among other things, an extension of the range of services offered locally, with a consequent reduction in the lead time to the customer and an increase in the added value of the service supplied.

The Group has already successfully implemented manufacturing activities in the RSA in various sectors associated with renewable energies. In 2013, in fact, a production plant was built (and then successfully dismantled) for the manufacturing of supporting structures for photovoltaic panels which supplied steel works for around 400 MW of panels. Subsequently, inverter-based power stations for a total capacity of around 600 MW were locally built with a 50% local content, making Enertronica Santerno one of the leading local producers in South Africa in its own market sector. In this case, the purpose of the Investment is the implementation of local manufacturing of inverters for renewable energy (photovoltaic) and electrical systems with storage, in order to supply products with a local content higher than 40%, exceeding, therefore, the minimum requirements recently imposed within the *REE-IPP (Renewable Energy Independent Power Producer Procurement Programme) Bid 5* framework, where inverters are included in the list of components with a minimum required Local Content, as specified in Appendix 5A – *Designated Local Content (Economic Development Obligations), ED Sub-Element 200-SR-03B*.

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After a period of marked slowdown, the South African energy market is moving once again towards a constant growth pace over the coming few years, due to the renewed commitment of the public authorities, with investment plans dedicated to renewable energy (*REE-IPP Round 5* for procurement of 2,600 MW, of which 1,000 MW from solar energy, which joins the *Risk Mitigation IPP Procurement Programme*, for procurement of 2,000 MW from renewable sources). This will be accompanied by a broader process of deregulation of the electricity production, providing for the possibility of building plants for self-consumption (and to further feed the grid via a “wheeling” mechanism) with capacity up to 100 MW and, therefore, usable in combination with energy storage systems to supply power, for example, to mines (the primary source of income in the country’s balance of trade) and to industrial sites.

The Group reserved itself the opportunity to partially finance the Investment by applying for subsidies in place and granted by both Italian and South African agencies that support production activities in the renewable energy sector.

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