PROJECT IMPETUS

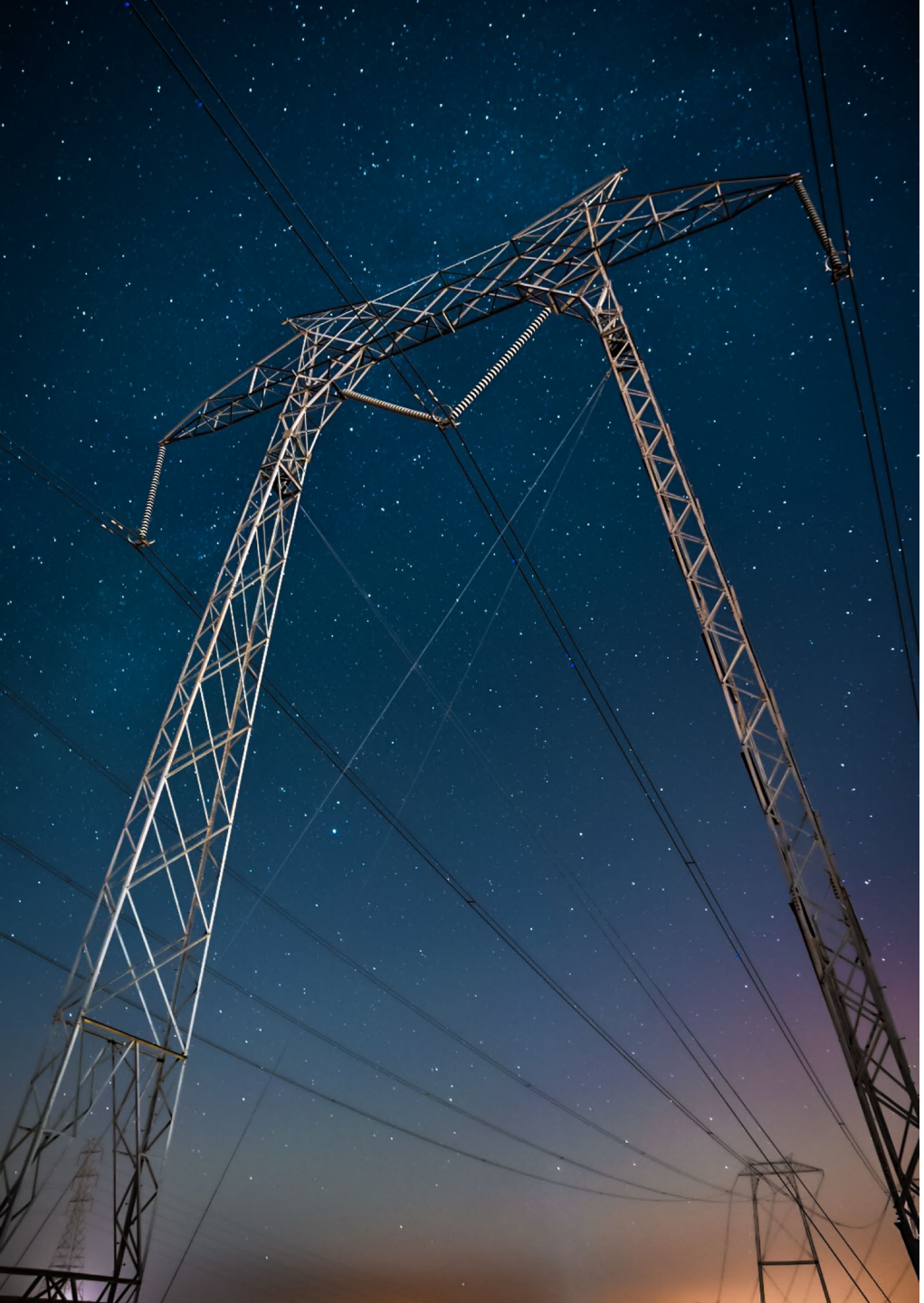
Seeking €50m for BESS pooled investment with developers and institutional investors

MEGAWATT MOSAIC

April 2023

For Institutional Investors Only
Strictly Confidential

Contents



Introduction

- Project Impetus is your opportunity to invest in our BESS Projects Development Platform through either an attractive high yield bullet bond, or an equity one
- Industrial scale front of the meter BESS (battery energy storage system) is the core critical asset that unlocks the Energy Transition towards Net Zero Carbon
- Megawatt Mosaic and partners have analysed 744 Italian substations. As of 1 April 2023, we have 1.37GWn in grid capacity request, of which 882MWn is grid authorised.
- Megawatt Mosaic is seeking circa £50m to fully exploit the commerciality of BESS development construction and operation throughout Europe.
- Megawatt Mosaic has partnered with other developers and family offices and invites further participation by investors.

In Crisis There Is Opportunity

The Elements of Crisis

COVID

We must accelerate our energy transition, it means decarbonisation

WAR ON OUR BORDERS

We must precipitate energy independence, it means energy transition

ENERGY BALANCING

Wind, Solar, Water and a massive fleet of energy storage to balance the transition from fossil fuels

Electricity is the most important asset that powers our society, it must be controlled and controllable, it must provide long term stability, clear long term price signals, and reasonable prices to maintain the competitivity of the EU.

The Perfect Wave

You start in 1st gear, shifting to 7th gear, quickly, very quickly

1st Gear

2019: Pre covid
"It was already hot for Ren, average development premium €120k per MW"

2nd Gear

11/2020: EU Next Generation
- €750bn
- 40% Green transition
- 25% Digital transformation
- 35% Sustainable growth

08/2021 US Senate

Green New Deal
- Net Zero carbon 2050
- USD400bn – possibly several USD trns'
- Aim is for the US to boost native industry: renewable, BESS, elec cars, etc

EU has to gear up...

3rd Gear

12/2021

EU Climate Law "European Green Deal"
- EU carbon neutral (net zero carbon) by 2050

Fit for 55, 20230
- Significant increase in renewable penetration targets
- Significant reduction in timeline to decarbonise
- -55% GHG 2030
- Increase renewable penetration to 45% of final energy consumption by 2030

11/2022: REPowerEU
- End reliance on Russian fossil fuels before 2030
- €210bn

4th Gear

5th Gear

12/2022: EU parliament
- Exceptional regulation that does not pass through national parliaments to expedite permitting of renewable projects

03/2023: EU parliament
- Final regulation enforcing that power market is liberalised market driven by market force with the notable exception of BESS that can receive long term support through capacity market and Capex subsidies (as critical infrastructure enabling penetration of a segment qualified as strategic EU infrastructure – means takes precedence over pretty much anything)
- New law: no sales of conventional fuel cars from 2035

6th Gear

7th Gear

03/2023: EU recommendation
- Minimum **200GW (est.) Storage in 2030 ***
- Minimum 600GW (est.) Storage in 2050 *
- Note: US target is 50% more than EU...

2023

"This is great game for BESS" in the EU:
- 50x growth in 7 years
- 150x growth in 25 years

"Ren development premiums close to 3x pre Covid"

Source: * Staff working document on the energy storage - underpinning a decarbonised and secure EU energy system, March 2023

The Perfect Wave in Numbers (2020 & 2021 Numbers)

EU energy dependency

16,000 TWh EU (17,000 TWh US)

58% EU energy dependency 2020

25% goes before 2030

It means 4,000 TWh to be replaced by renewable, approx 1,000 GWn in new capacity

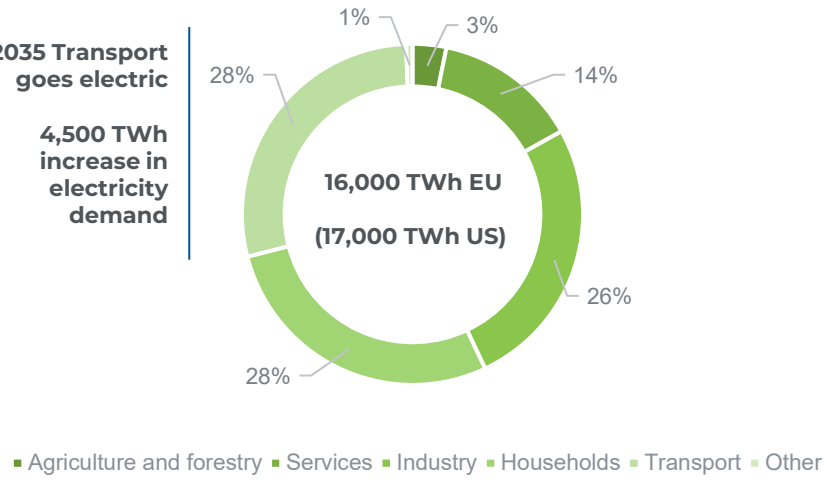
This is approximately the same...

It explains the (est.) 200GWn 2023 of required BESS...

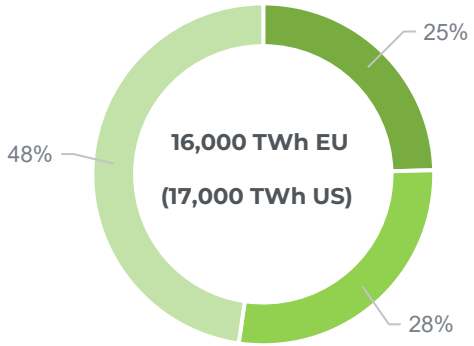
EU energy consumption

By 2035 Transport goes electric

4,500 TWh increase in electricity demand



EU electricity and renewable penetration



22% is qualified as renewable

We have 7 years (2030) to reach 45%

3,700 TWh increase in renewable

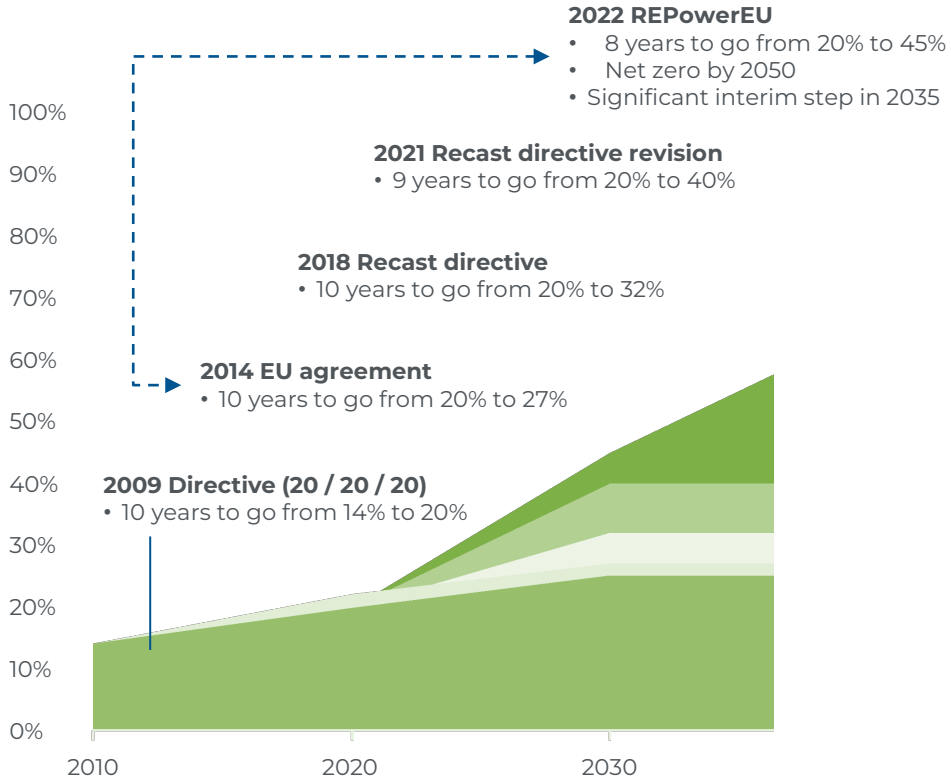
Source: Eurostat, EU Commission, Ember Climate

Creates Huge Immediate Opportunity

The Perfect Wave in Other Numbers

That's a 1.65x increase in binding targets

We are looking to add, in less than 7 years, close to 1,000 GWn in renewable capacity



Source: Eurostat, EU Commission

By 2030, we will have about 1,236 GWn of renewable, principally Wind onshore and offshore and Solar PV:

- It is positive as these generators are the lowest cost fleet (LCOE)
- It is negative as these generators do not provide base load generation (intermittency):
- They do not supply when demand requires – fuel transformation (wind, sun) mismatch relative to demand
- They exert significant stress on electricity grid – not a smooth daily generation profile, violent endless shocks for the grid

BESS (battery energy storage system) becomes the one critical asset to put in the grid:

- To match supply and demand – load shifting, providing base and peak profiles
- To maintain the grid operational – balancing or frequency market, avoid black outs
- You want approximately 15% of renewable in large industrial scale front of the meter BESS and here comes the 2030 200GWn (est.) BESS requirement

The challenge is enormous when we take into account that hydro, which represents 11% of power generation, will not grow. It means that only Solar and Wind will fill the growth. This is the primary target for front of the meter BESS.

Italy is Our Prime Target, Followed by France, Germany & Spain

We see 2023 and 2024 as critical years to secure substation capacity and suitable land options

GEOGRAPHY

Italy experiences significant electrical imbalance; generation and demand mismatch is the largest in the EU, meaning Italy is the second largest electricity importer in the world after the US

PRICE ZONES

Italy is the only country in the EU that has more than 1 pricing zone; it has 7, reflecting supply demand geographical disequilibrium

SIGNIFICANT PENETRATION OF RENEWABLE

Italy has 300GWn of renewable in development , 100GWn with grid rights, making it the largest renewable market in the EU

	Market	Growth potential	Price signals	Policy hurdles	Estimated front of the meter market size
	Great Britain	High	High	Medium	26GWn
2	Germany	High	Medium	Medium	9GWn
3	France	Medium	Medium	Medium	6GWn
	Benelux	Medium	Medium	Medium	7GWn
1	Italy	High	High	Low	14GWn
4	Spain	High	Low	High	9GWn

100GWn renewable
x 15% = 15GWn

Relatively consistent

Our Target 2023 - 2028:
2.0GWn BESS developed and sold

Source: Italian Government, EU Commission, Timera Energy, Terna, BNEF, Wood Mackenzie

Discipline to Harvest the Opportunity

We Started Development in November 2021

Collectively, with our partners, we have 1.37GWn in grid capacity request, of which 882MWn is grid authorised

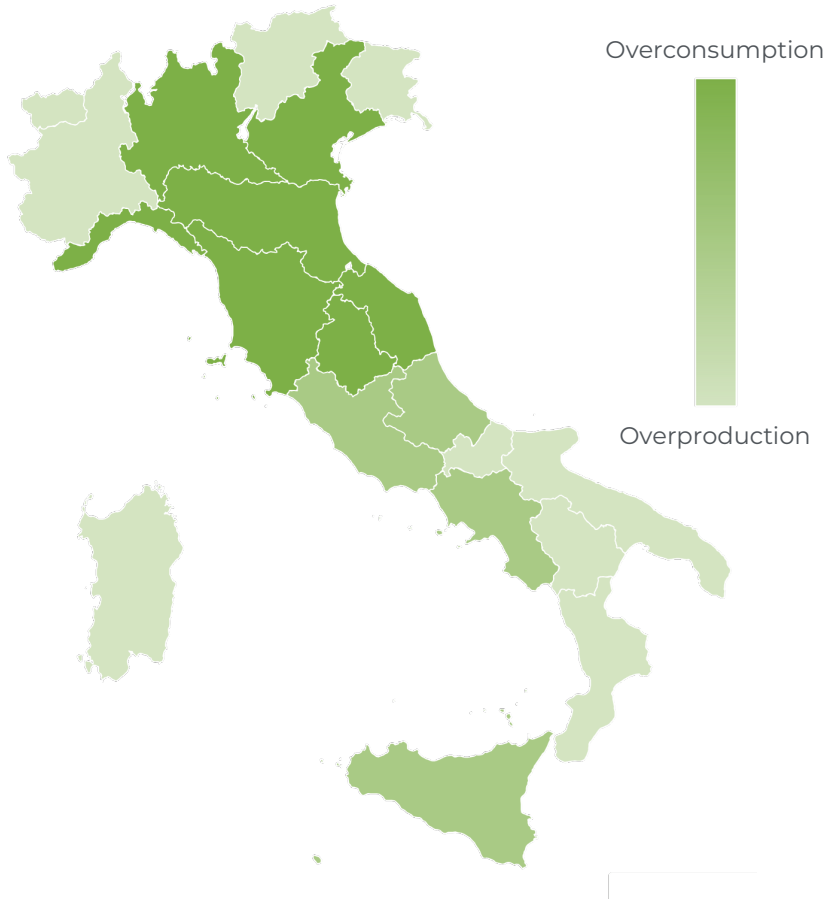
Project 56: Lazio
- 84MWn
- Filing month 03/2023
- Grid capacity (est.) month 05/2023
- Grid capacity granted (47 calendar days)

Project 630: Piedmont
- 125MWn
- Filing month 04/2023
- Grid capacity (est.) month 07/2023

Project 18: Sardinia
- 198MWn
- Filing month 01/2023
- Grid capacity (est.) month 04/2023
- Grid capacity granted (51 calendar days)

Project 30: Sardinia
- 54MWn
- Filing month 01/2023
- Grid capacity (est.) month 04/2023
- Grid capacity granted (51 calendar days)

Project 106: Sicily
- 93MWn
- Filing month 04/2023
- Grid capacity (est.) month 07/2023



Project F150: Puglia
- 150MWn
- Filing month 12/2022
- Grid capacity (est.) month 03/2023
- Grid capacity granted (39 calendar days)

Project A198: Puglia
- 198MWn
- Filing month 03/2023
- Grid capacity (est.) month 06/2023
- Grid capacity granted (25 calendar days)

Project 16: Puglia
- 198MWn
- Filing month 01/2023
- Grid capacity (est.) month 04/2023
- Grid capacity granted (47 calendar days)

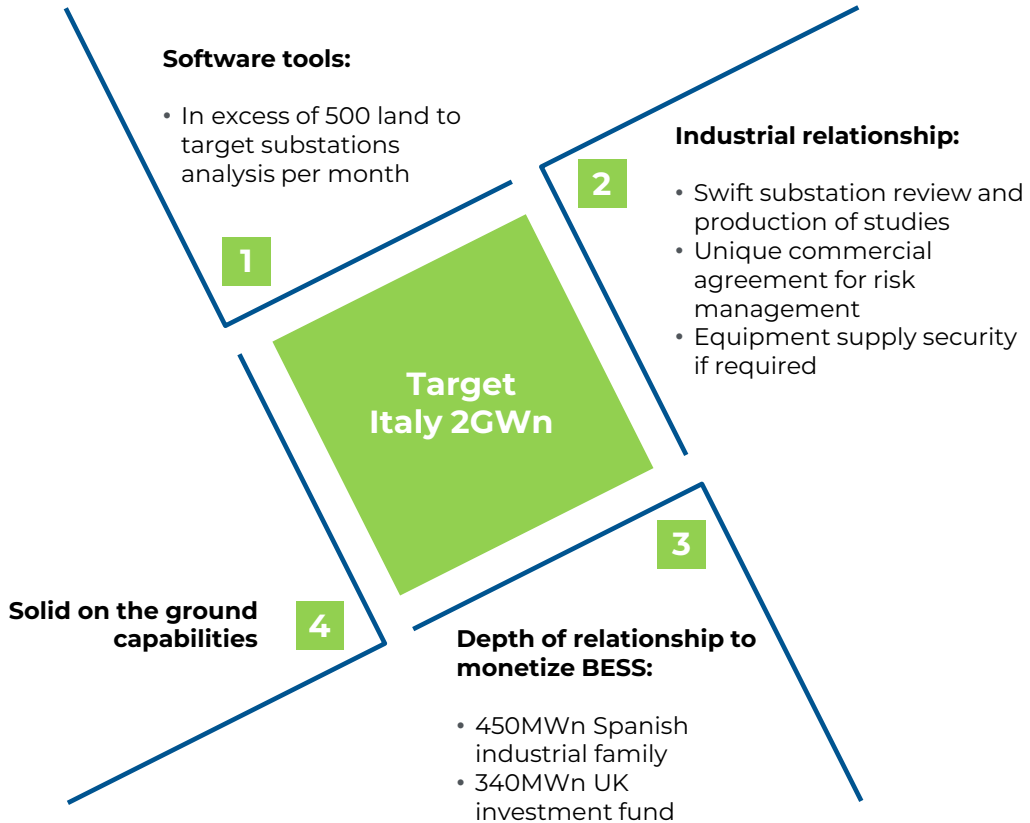
Project 637a: Puglia
- 198MWn
- Filing month 05/2023
- Grid capacity (est.) month 08/2023

Project 637b: Puglia
- 70MWn
- Filing month 05/2023
- Grid capacity (est.) month 08/2023

We expect to deliver our first 2GWn target at end of 2023, fully developed and sold by end of 2026.
Our first 600MWn grid authorised took less than 51 days when it takes 270 to 320 days for PV or Wind.

We Took Almost a Year to Prepare

Building comprehensive software tools, analysing 744 Italian high voltage substations, and striking innovative industrial relationship with leading BESS manufacturers

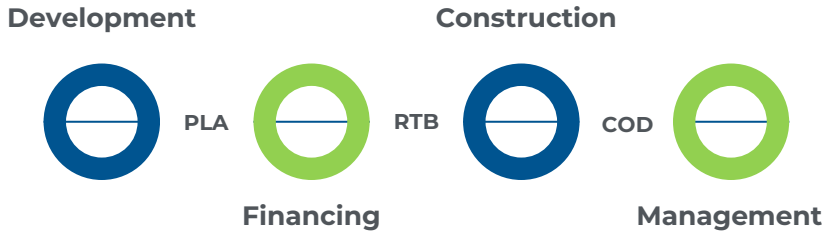


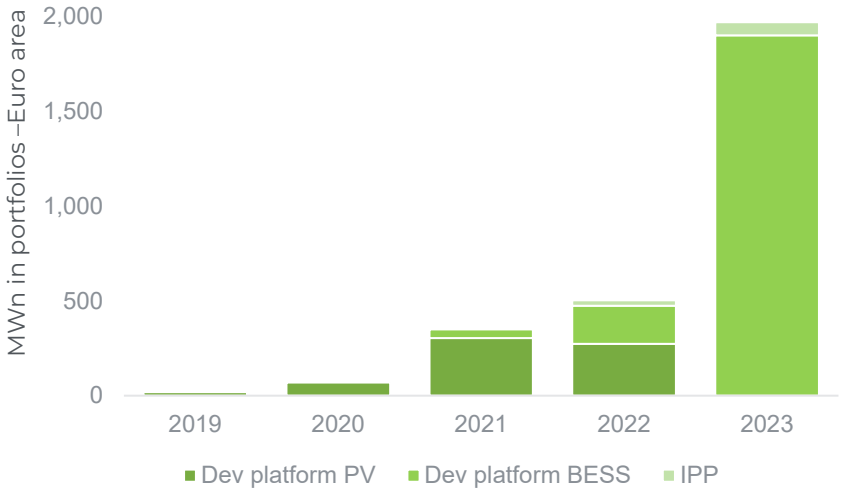
Our Company at a Glance

Megawatt Mosaic's aim is to grow into a vertically integrated service provider in specific industry segments within the energy transition. Our mission is to develop comprehensive platforms for Hybrid PV and BESS investments by growing, as developer, our portfolios of assets for our industrial and financial client base.

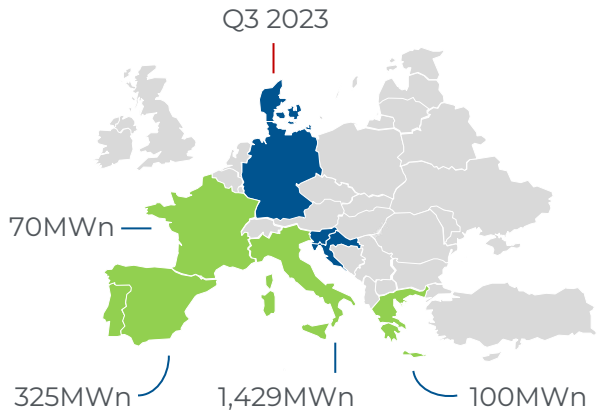
Performance since inception

- **1.8 GWn** under development
- **70MWn** as IPP
- Presence in **4 countries** (6 by Q3 2023)





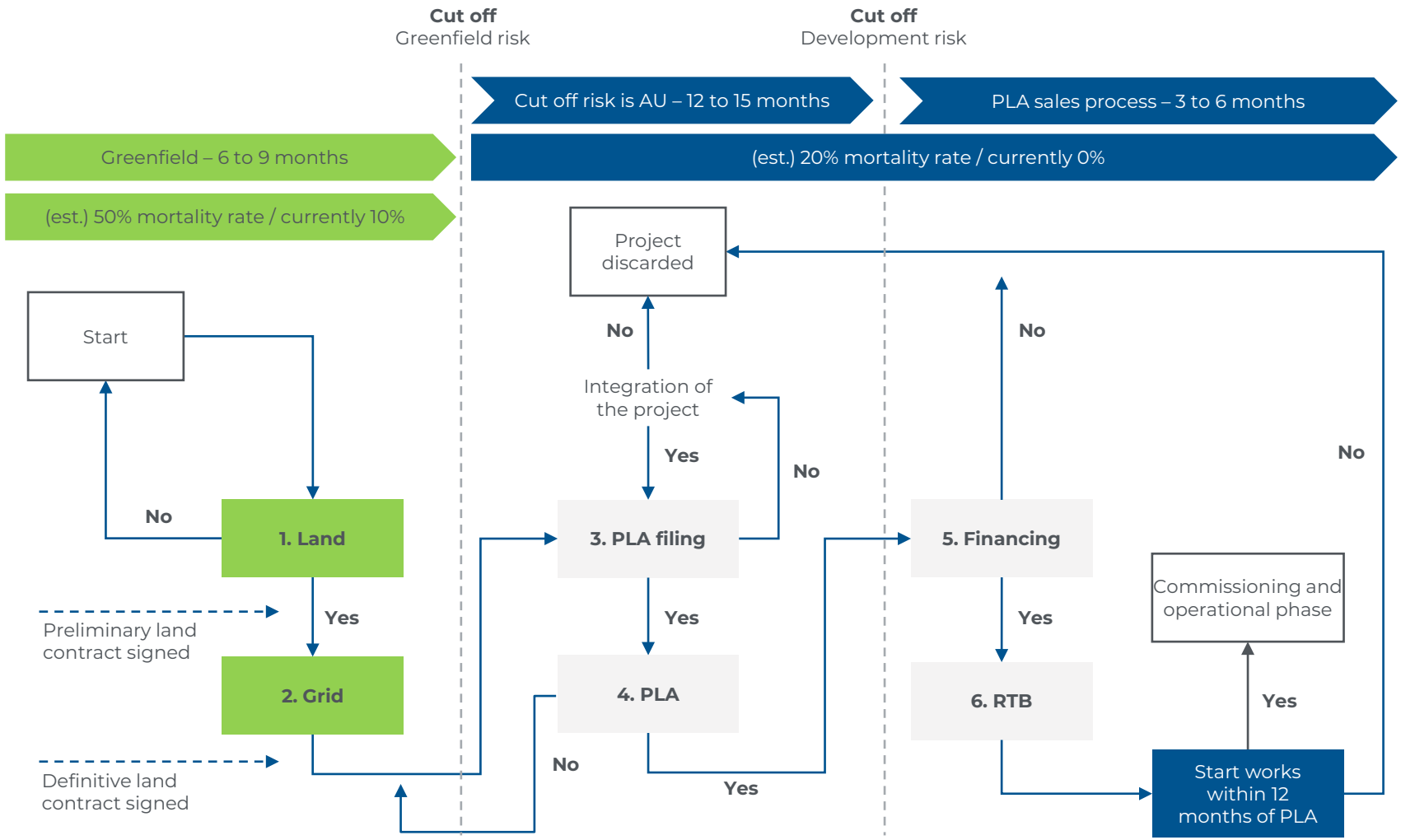
Geographies 2023




Deliver Value

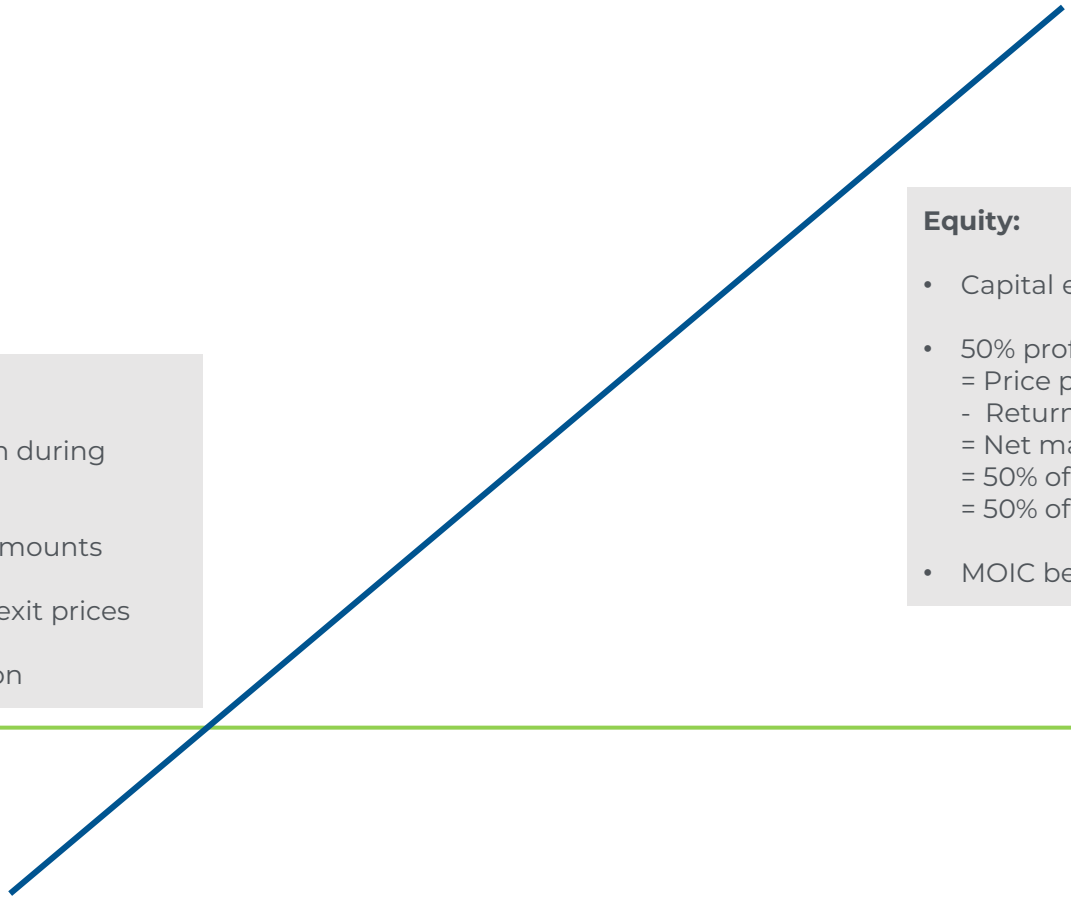
Typically, Greenfield Risk is Entirely Borne by Us

Investors do not take greenfield development risk



Bond or Equity Instrument?

Risk and return profiles



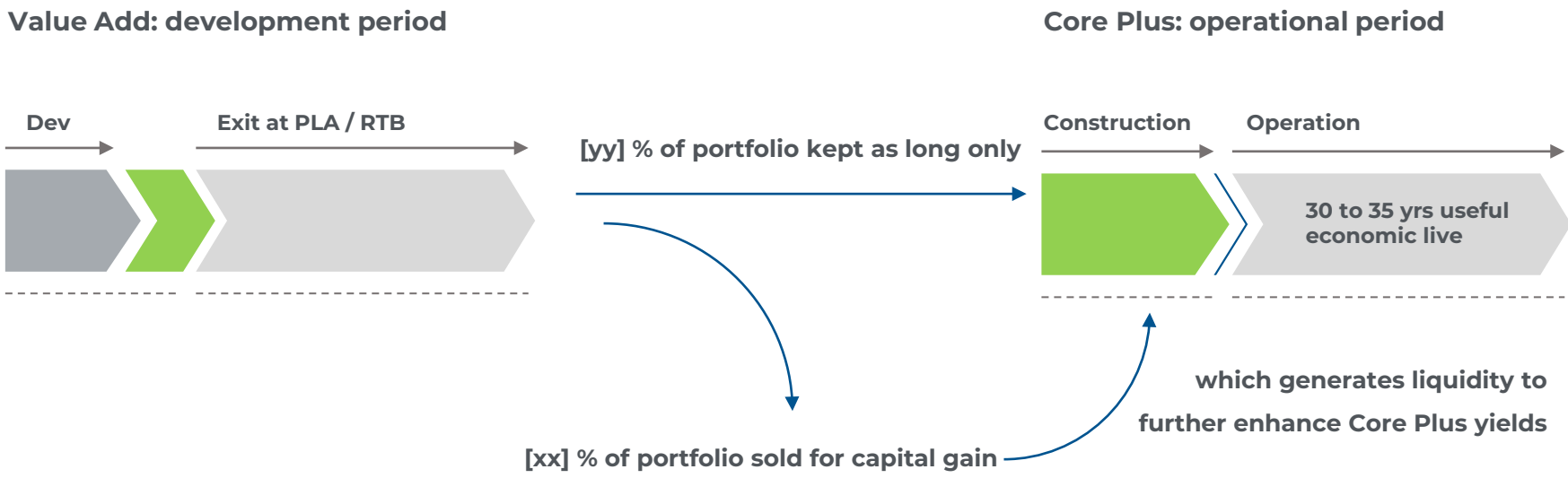
Bond:

- **8% coupon** paid in cash during development
- **Interest on undrawn** amounts
- **MOIC 1.3x** irrelevant of exit prices
- Downside risk protection

Equity:

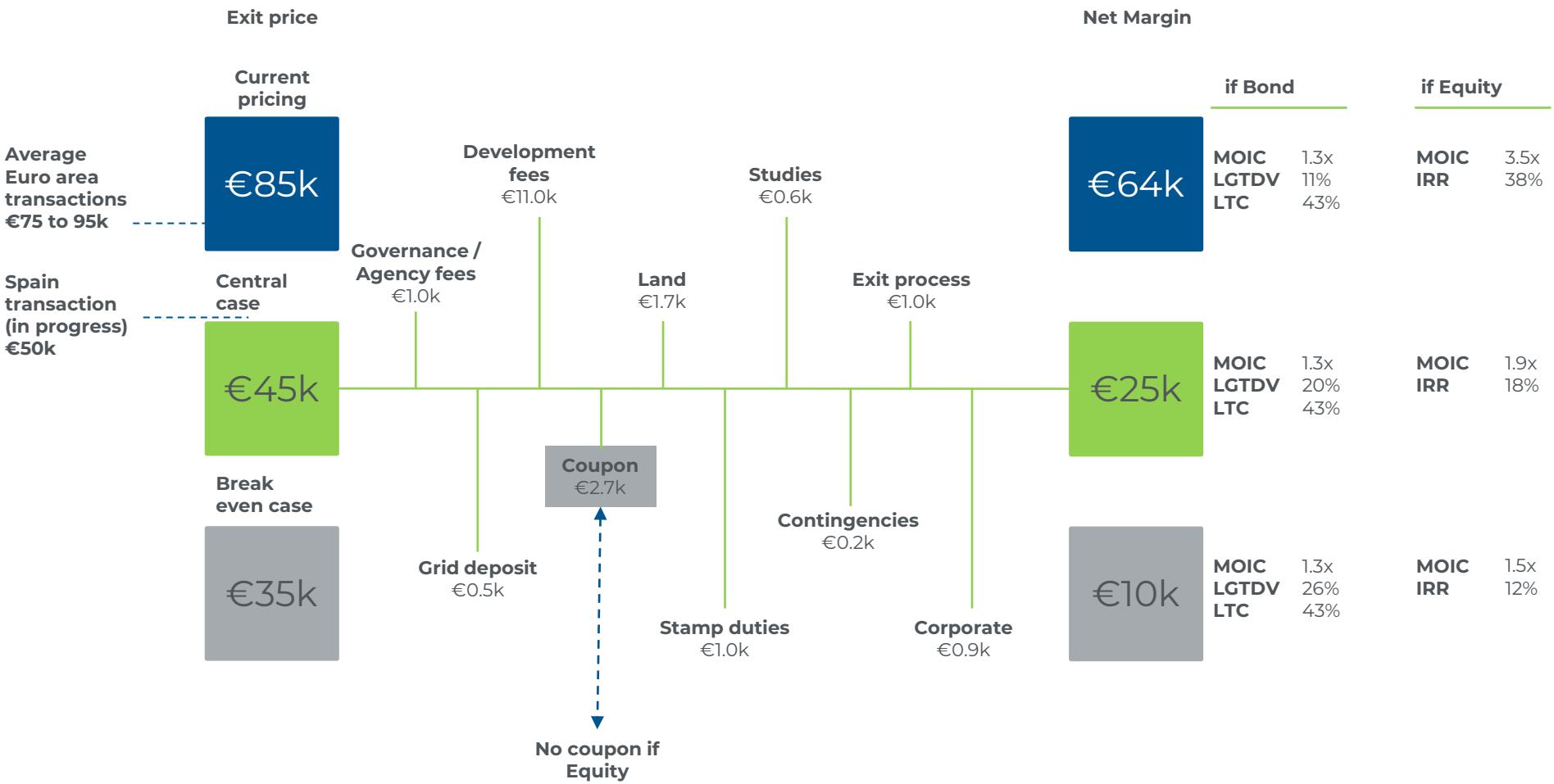
- Capital entirely at risk
- 50% profit share net of waterfall:
  = Price paid at exit
  - Return of 100% of Investor's capital
  = Net mark
  = 50% of met mark to Investor
  = 50% of net mark to Sponsor
- MOIC between 1.5x and 3.5x

The Investment Allows Access to Attractive Financial Metrics



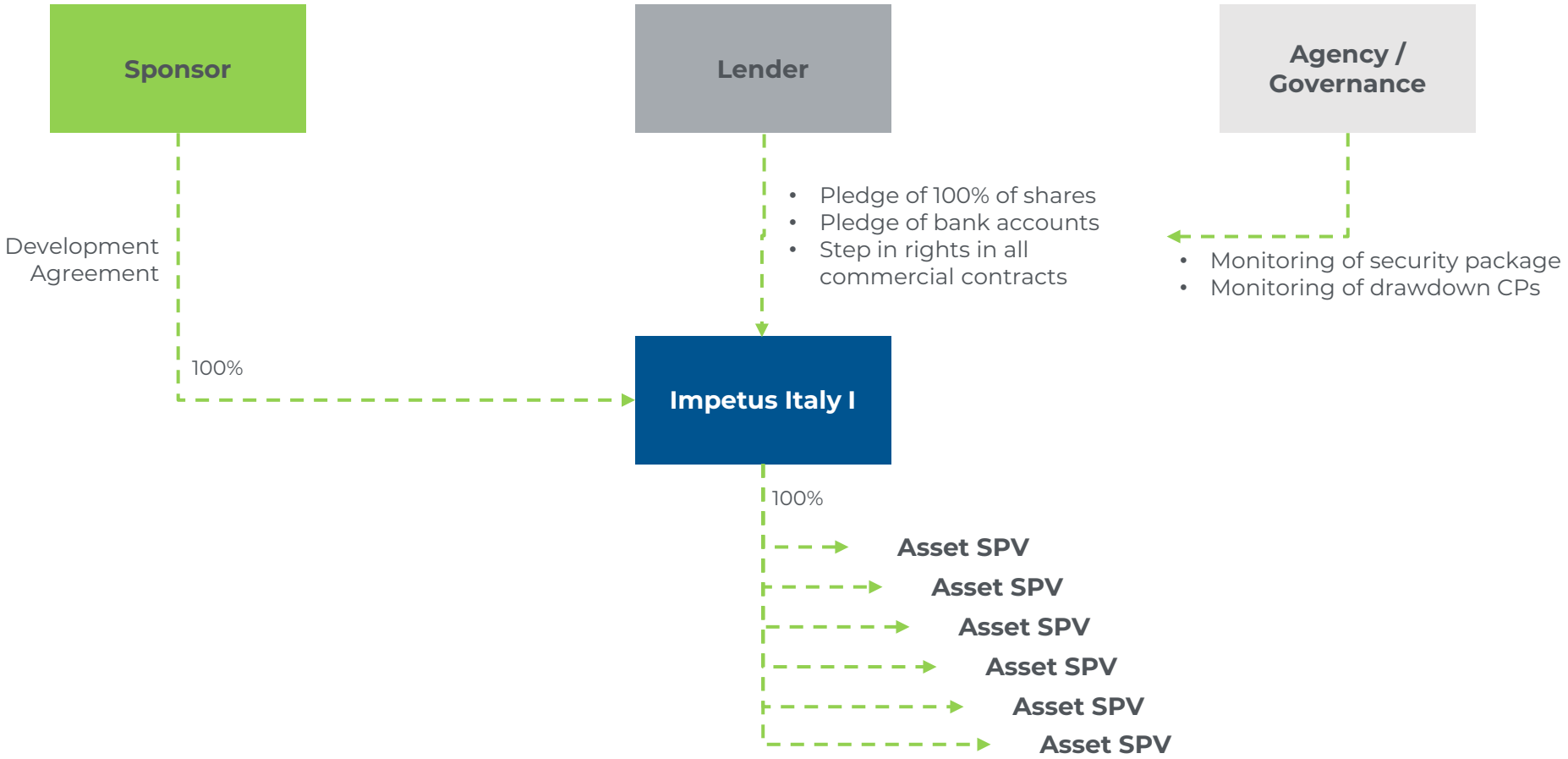
Unit Economics and Returns if Bond

In €k per MWn, assuming 2x capital turn



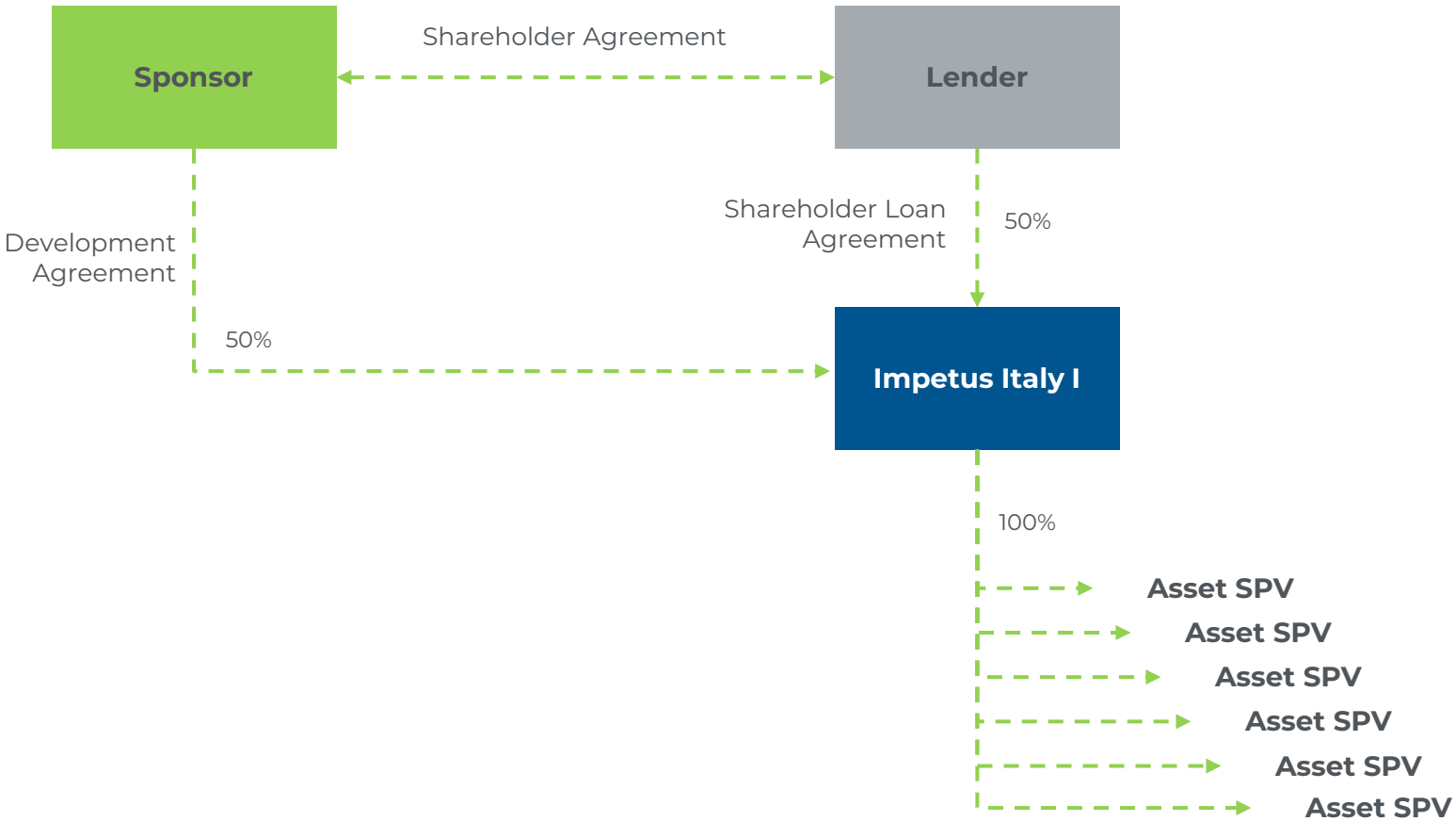
Governance & Legal Set-up for Bond Participation

Customary security package found in non recourse financing



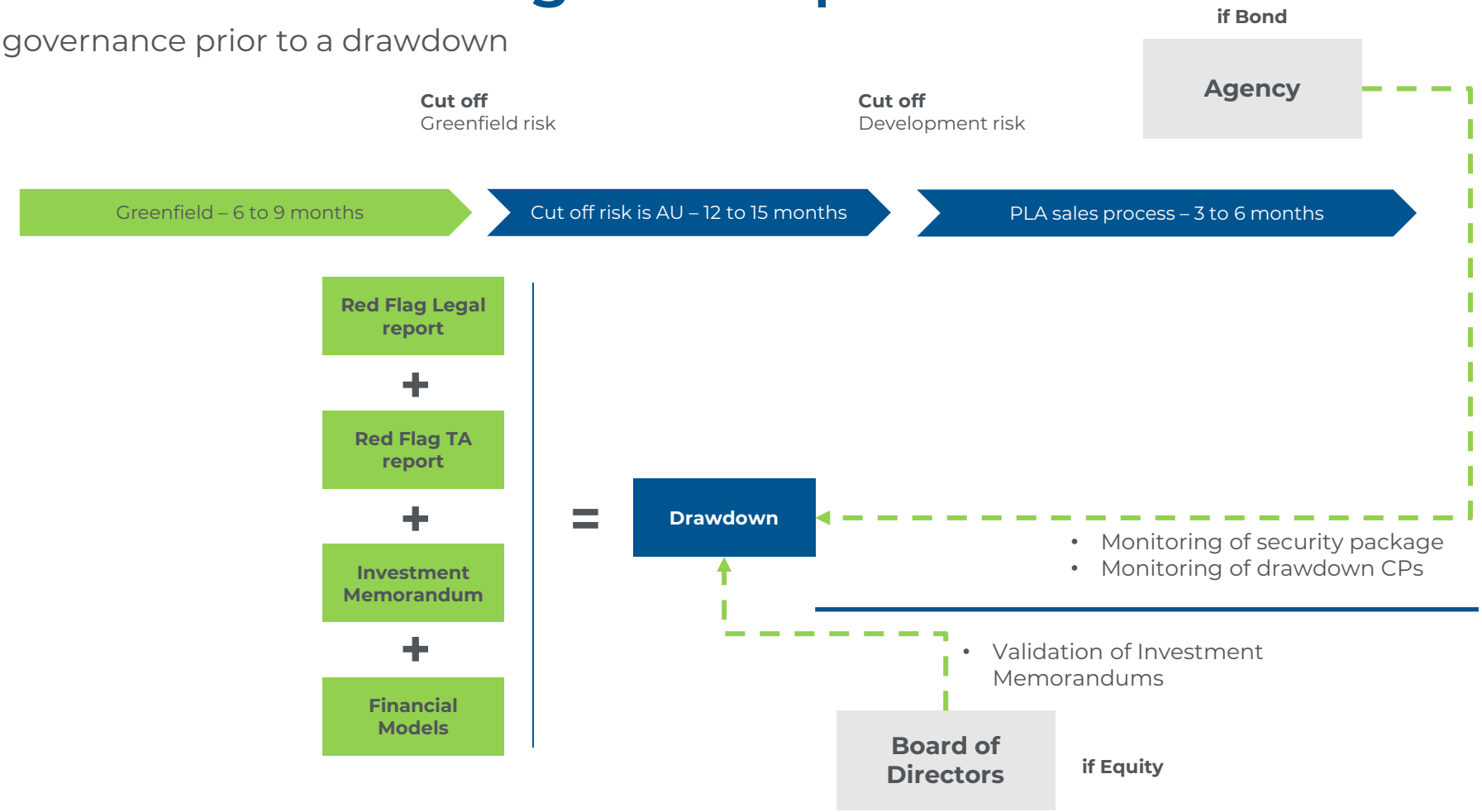
Governance & Legal Set-up for Equity Participation

Customary security package found in non recourse financing



Governance and Legal Set-up

Clear governance prior to a drawdown



Key Terms

For Bond

- €15m high yield bullet bond
- Min drawdown €2m
- Drawdown period 2 years
- No call period 2 years
- 5 years maturity
- 8% coupon paid annually on drawdown amounts
- 2% on undrawn amounts
- No greenfield risk
- Quarterly Lender report
- MOIC 1.3x
- LGTDV estimate 20%
- LTC estimate 43%
- Euro area, Italy, Iberia, France, Germany, Scandinavia
- 10 to 20 projects for a 2GWn maximum portfolio size

For Equity

- €15m high yield bullet bond
- Min drawdown €2m
- Drawdown period 2 years
- 5 years investment period
- No distributions during investment (development) period
- No greenfield risk
- Quarterly reporting
- MOIC 1.5x to 3.5x
- Euro area, Italy, Iberia, France, Germany, Scandinavia
- 10 to 20 projects for a 2GWn maximum portfolio size

Summary

- Industrial scale front of the meter BESS (battery energy storage system) is the core critical asset that unlocks the Energy Transition towards Net Zero Carbon
- Megawatt Mosaic and partners have analysed 744 Italian substations. As of 1 April 2023, we have 1.37GWn in grid capacity request, of which 882MWn is grid authorised.
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- For further information please contact:
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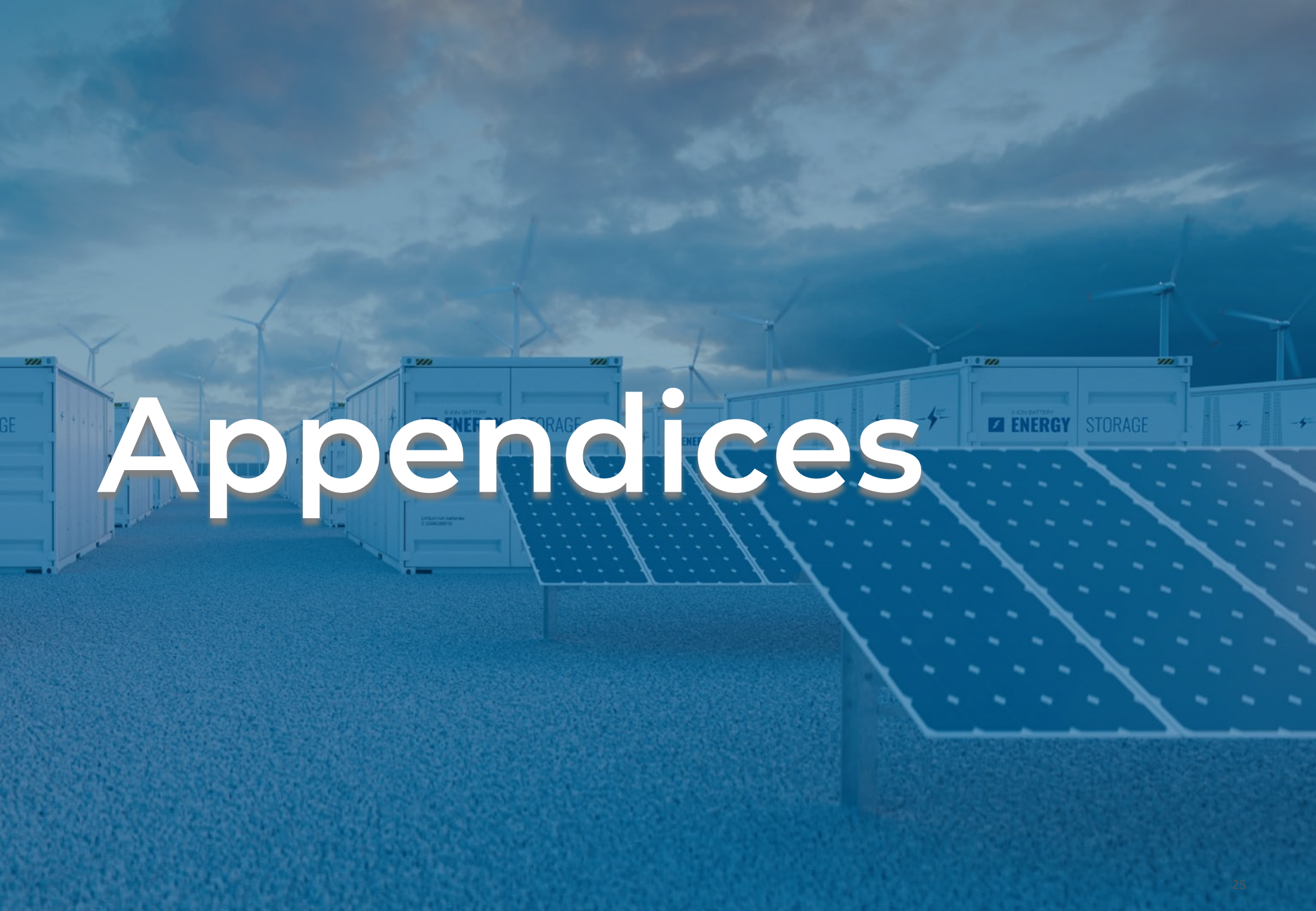
  helenp@megawattmosaic.com



Appendices

Key Risks and Mitigants

The following table includes a non-exhaustive list of risks that lender may experience and their mitigants

	Risk	Mitigant
Country	The assets are fixed and cannot be moved to another country if there is a sovereign issue	Sponsor has identified investment opportunities solely in Italy and therefore will be subject to local market risk. However, Italy is located within the Eurozone, which is considered a more stable investment environment.
Currency	Exchange rate movements that negatively impact the cashflows of the projects	All projects will be located within the Euro area and therefore the only currency exposure will be to the Euro which is viewed as a stable currency.
Regulatory	A change in law that could negatively affect annual remuneration	Regulatory risk can be a significant factor when subsidy support is in place to drive revenues. All of the projects under the Sponsor will be considered without any subsidy support, hence reducing regulatory risk.
Capacity Market Price and Ancillary Revenue	Storage cannibalisation in ancillary service markets can lead to value destruction in the long term	Sponsor will utilise strategic revenue stacking between the capacity, ancillary and wholesale market to ensure a consistent low-risk revenue stream is maintained at all times.
Macroeconomic	Risks generated by the wider macroeconomic environment, e.g. inflation factors and interest rate	Market conditions at a given time will determine the revenue stack of the assets. As such, revenues are expected to move in line with, or exceed inflation in comparison to operating costs. In the medium run, rising electricity prices coupled with lower capex commitments resulting from lower commodity prices provides a cushion for unfavourable interest rate movements.
Supply of equipment	There is a shortage of key components for battery storage assets	Market conditions at the time of sales will determine the availability of equipment for the battery storage assets, however in cyclical markets such as this with demand and returns high, significant investment in key infrastructure across the supply chain is expected to address current shortages.
Project sale	Sponsor invests in a project that does not produce a sufficient return	Sponsor will strategically invest in assets where the breakeven (€/MW) investment commitment is lower than the low case exit price (€/MW).
Commodity Price	Sponsor may forego potential returns due to continuously declining commodity prices post investment	Sponsor will produce a detailed financial model and prudent revenue strategy for each asset to enable predictable returns in line with the investment objective.

Key Risks and Mitigants (2)

The following table includes a non-exhaustive list of risks that lender may experience and their mitigants

	Risk	Mitigant
Project acquisition	Insufficient supply of investment opportunities	There is a global transition away from fossil fuels towards renewable energy sources. An increase is renewable energy must be complemented with a proportionate investment in battery storage capacity. Legislation such as the Paris Agreement and the European Directive (EU) 2018/2001 demonstrate the global commitments to reduce carbon emissions and generate electricity through clean energy sources. To meet the commitments the quantity of renewable energy projects will need to increase significantly, ensuring there will be sufficient investment opportunities available to Altinium Development I e.g. to reach it's 2030 target the EU must increase the percentage of total electricity generated by renewable sources from 35% to 57%.
	The principal investment is lost in a project that does not reach sales status as a result of planning permission / authorisation not being granted	Whilst this remains a key risk of any development project, by investing in assets that have already secured the grid connection and land rights. And performing detailed technical and legal due diligence at acquisition Sponsor seeks to de-risk the project to the extent possible. Furthermore, to align interests the Developer's fee is tied to performance, with 50% only payable following receipt of planning permission and the necessary authorisation.
Timetable	The development of the assets takes considerably longer than expected	The development timetable for the assets (included in the Appendix) has been conservatively sized based on the development timeframes witnessed in the current market. Delays due to regulatory bodies are most common, and a buffer to allow for this has been included in the timetable.
Market knowledge	Insufficient knowledge of active buyers / sellers in the market and current exit prices	The Sponsor has significant experience in the renewable energy sector, with a strong track record in Europe. They have an extensive network within the financing and development markets, and will therefore have access to the most up to date market information throughout the process, from asset origination to sale.
Developer	Risk that the developer becomes insolvent	If the Sponsor defaults there is a step in right to put another developer into the project.

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