Valencia, a 2 de diciembre de 2024

ENDURANCE MOTIVE, S.A.

En virtud de lo previsto en el artículo 17 del Reglamento (UE) nº 596/2014 sobre abuso de mercado y en el artículo 227 de la Ley 6/2023, de 17 de marzo, de los Mercados de Valores, y disposiciones concordantes, así como en la Circular 3/2020 sobre información a suministrar por empresas incorporadas en el segmento BME GROWTH de BME MTF (BME Growth), se pone a disposición del mercado la siguiente información relativa a ENDURANCE MOTIVE, S.A. (en adelante, "**ENDURANCE**"):

OTRA INFORMACIÓN RELEVANTE

Tal y como se adelantó en el informe "Presentación de Resultados Semestrales 2024 Endurance" en la Otra Información Relevante publicada el pasado 29 de octubre, el Consejo de Administración de la compañía aprobó en Septiembre de 2024 el encargo a la consultora AFRY Management Consulting ("AFRY") de la redacción de un informe estratégico con objeto de cuantificar para los años 2025-2028 tanto el tamaño del mercado de Almacenamiento Energético (Storage) en los países España, Portugal, Italia, Alemania y UK, así como la potencial cuota de mercado en ventas alcanzable por Endurance en dichos países.

AFRY es una consultora internacional líder en asesoramiento estratégico, de mercado, comercial, operativo, regulatorio y en políticas para clientes en los principales mercados energéticos.

Adjuntamos en esta publicación, el informe emitido por AFRY sobre Endurance con fecha 20 de noviembre de 2024, denominado: "Battery Storage Market Outlook".

De conformidad con lo dispuesto en la Circular 3/2020 se indica que la información comunicada por la presente ha sido elaborada bajo la exclusiva responsabilidad de la Sociedad y sus administradores.

Quedamos a su disposición para cuantas aclaraciones consideren oportunas.

Atentamente

Firmado digitalmente por 44677970X
ANDRES MUELAS (R: A98980246)
Fecha: 2024.12.02 19:50:03 +01'00'

_____

Andrés Muelas
Presidente del Consejo de Administración

Battery Storage Market Outlook

Endurance

JAVIER REVUELTA, ANTONIO SÁNCHEZ, NUÑO CARRASCO, EDUARDO ALBERTE

20/11/2024

AFRY
ÅF PÖYRY

Disclaimer and Rights

This Document has been prepared by AFRY Management Consulting (“AFRY”).

While the information provided herein is believed to be accurate and reliable, AFRY makes no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. In no circumstances whatsoever does AFRY or any of their respective directors or officers accept any responsibility for the information contained in this Document. In furnishing this Document, AFRY reserves the right to amend or replace the Document at any time and undertakes no obligation to provide the Recipients with access to any additional information.

Nothing contained within this Document is or should be relied upon as a promise or representation as to the future. The estimated financial information contained herein has been prepared expressly for use herein and is based on specific assumptions and analysis of information available to AFRY at the time this Document was prepared. Neither AFRY nor any of its directors or officers make any representation or warranty, express or implied, or give any other assurance, express or implied, that any of the estimates or valuations contained herein will be realized. The Recipient should conduct their own investigation and analysis of the business, data and property described herein. Any liability for any direct, indirect or consequential loss or damage suffered by any person arising there from is expressly disclaimed.

Agenda

Agenda

Endurance specializes in design and manufacturing of lithium-ion batteries for diverse applications

endurance®
MOVE ON

Headquarters location	Valencia, Spain
Year of foundation	2018
Ownership	Publicly traded on the Spanish stock exchange
Business type	Design, manufacturing, and sale of lithium-ion batteries
Personnel (in 2023)	Over 60
Company website	https://endurancemotive.com

BUSINESS SECTORS

STATIONARY

Industrial: prepared for self-consumption, peak saving and energy optimization services.

Utility: batteries prepared for hybridization with renewable plants and for BESS Stand-Alone parks.

E-MOBILTY

Motive power: batteries for the industrial handling sector: fork-lifts, pallet-trucks and AGVs

Marine: modular batteries ready for propulsion and services

Urban: battery pack solutions for urban mobility

Airport Ground Support: solutions for battery-powered equipment

AFRY
ÅF PÖYRY

Endurance’s strategic view is to focus on large-scale battery storage for industrial and utility-scale applications

STRATEGIC OVERVIEW

OPPORTUNITY ANALYSIS

The ambitious decarbonization goals of European countries will create the need of a large deployment of storage capacity. With higher renewable integration, battery storage will supply the need of flexibility that the intermittency of renewable resources creates, as firm capacity coming from conventional thermal generation will fade off following the decarbonization targets.

Larger storage growth is expected from the late 2020s onwards, as the cost of battery storage decreases, hence making the economics of storage projects more attractive

STRATEGIC DECISION

Following the trend of European energy markets Endurance wants to focus on the development of industrial and utility-scale batteries.

VALUE PROPOSITION

Endurance is well positioned to leverage this market growth opportunity, although large competition in this sector is expected. There is a need for clear suitable targets and objectives, along with a value proposition to ensure success in a highly competitive market with players emerging internationally.

Local Product: Endurance local production facilities offer a competitive advantage for European Markets. Regulation, subsidies and ESG targets supported by the EU favour productions within Europe.

Experience: Endurance presents c.5 years of experience designing and manufacturing battery storage solutions, having developed projects within the EU for diverse storage applications. It is a publicly traded company with plans to expand to other continents.

Quality: Endurance guarantees quality in every step of the value chain, from innovative design to continuous improvement in production processes, leveraging quality control and monitorization.

Endurance aims to become a relevant player in the large-scale BESS sector, expanding to different European markets

Current landscape analysis

Ambitious storage objectives from target markets for 2030.

Estimated installed capacity by country in 2030:

- 5.2GW (12 GW objective)
- 16GW
- 16.6GW
- 12.3GW
- 0.6GW

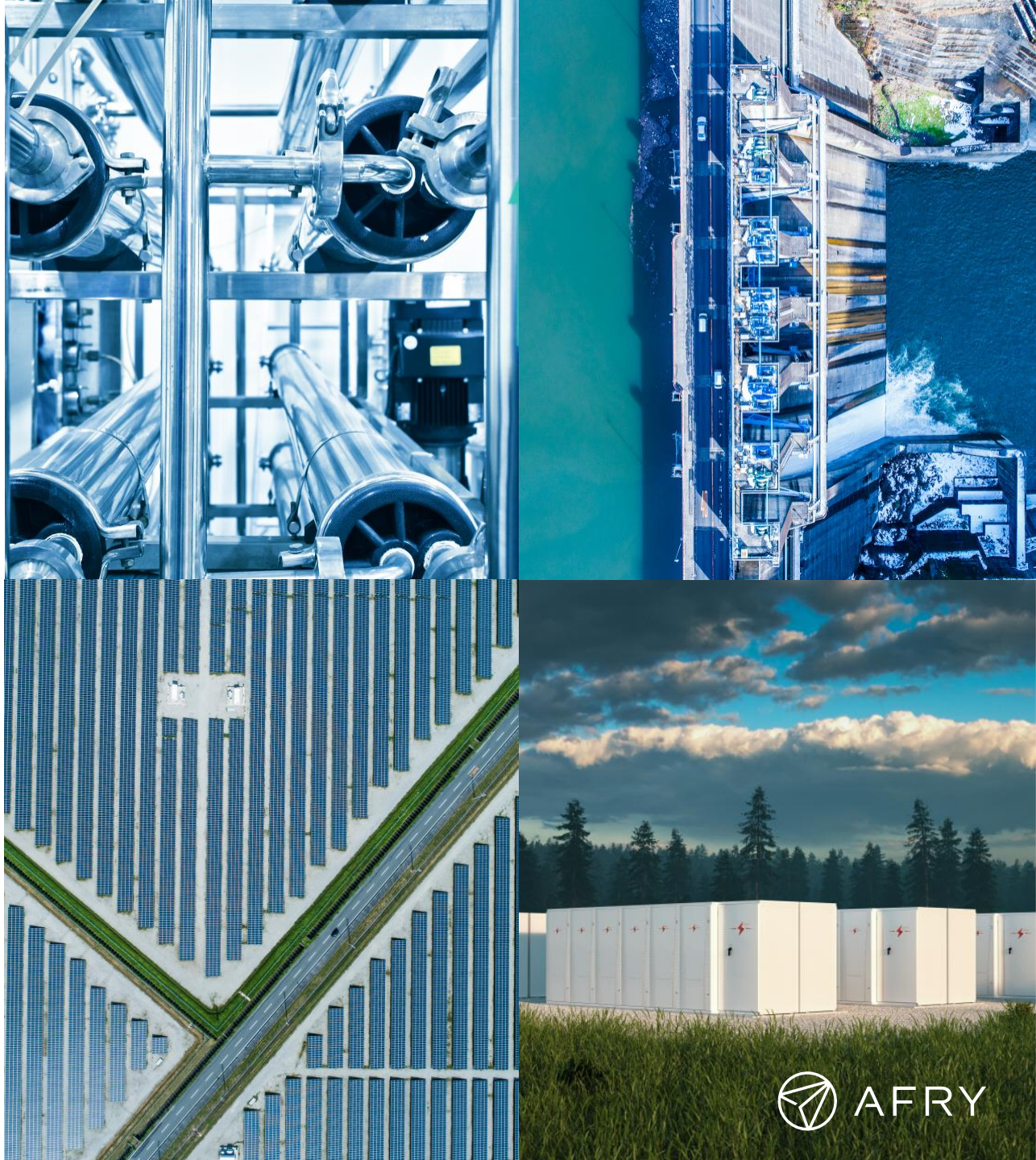
Strategic view

- Focus on markets with largest potentials
- Leverage strengths in value proposal (local, experience, quality) and focus on target customers
- Consider potential expansion to reach desired production capacity
- Consider strategic partnerships in countries with less experience
- Leverage local subsidies and market players
- Analyse potential scenarios and market share

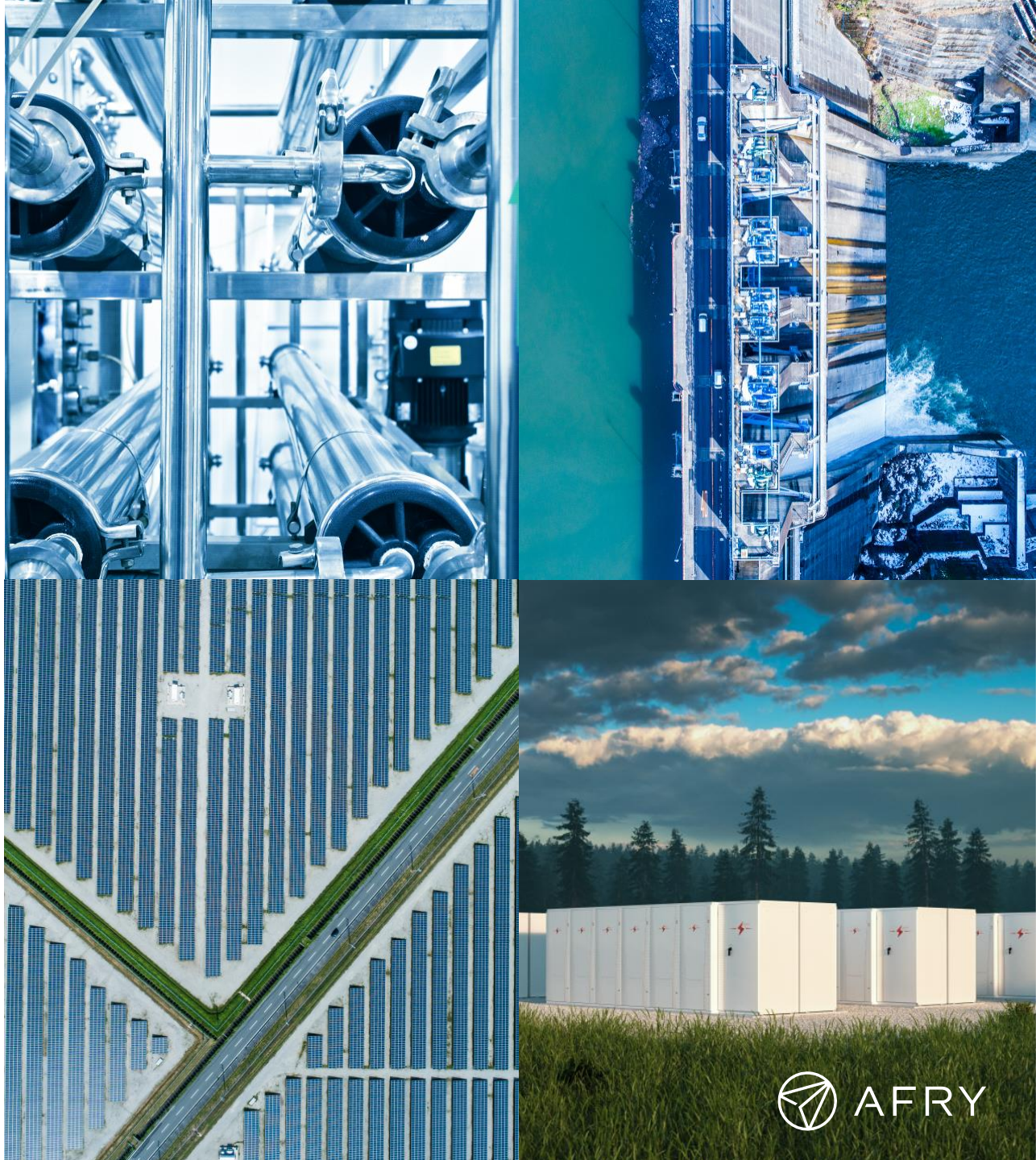
Target

Endurance aims to achieve relevant BESS production in Spain, and to further expand its market to Italy, Germany, the United Kingdom and Portugal.

Agenda



Agenda



The new Spanish NECP sets the target of 22,5GW of energy storage by 2030, but further investment incentives will be needed

Storage capacity

- **Current storage capacity** in Spain amounts to c.**9GW** of pump storage facilities and storage linked to CSP plants. Additionally, a 7MW battery is already dispatching in the market plus +16MW of co-located batteries with renewables.
- The Spanish storage roadmap and the new NECP aims for 22,5GW cumulative installed capacity in 2030.

Spanish & EU policies

- The **Storage Roadmap** is the result of European and Spanish regulation. It sets the targets of energy storage based on: Spanish NECP, Spanish Recovery and Resilience Plan (PRTR), the strategic framework for energy and climate and the Clean energy for all Europeans package.
- **Regulatory changes** such as legal framework and update of operation procedures for batteries, and charges exemption.

Routes-to-market

- **Price arbitrage opportunities** considering the dispatch in all the markets: day-ahead, intraday and ancillary services. However, the figure of market optimiser does not exist yet in Iberia.
- The average projected gross margins for a 4-hour battery in the Spanish market range from €90-€160/kW until 2030.
- New routes-to-market expected in the future.

Expected incentives

- Storage and hybrid projects **rely on grants or aid programs to be profitable**.
- **Current aid programs**: Grants for innovative hybridised and stand-alone storage projects (430M€ during 2023, 300M€ for batteries).
- **Capacity remuneration mechanism** as a draft order from April 2021, with further information (i.e., reliability standard) published in 2023.

Competitive landscape

- Increasing investment appetite in storage in Spain. Several companies are analysing storage and hybrid projects: c.13GW of projects with grid access granted (c.10 batteries), and c.9GW (c.8GW batteries) of projects that have requested grid access.
- Relevant participation **in the last grants for hybrid projects**, exceeding by far the granted quantities.

The NECP target for storage will be missed by 5-6GW in an absence of a remuneration mechanism that boosts investments

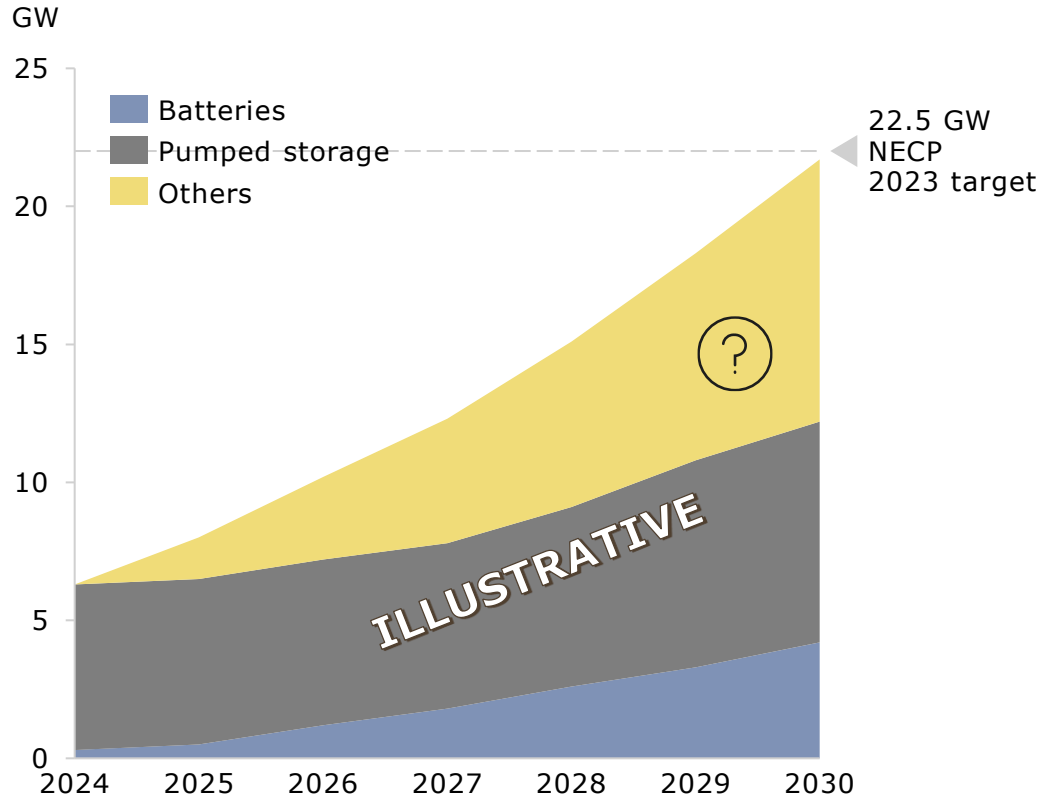
In absence of a capacity market, **where is the capacity mix heading?**

- Merchant revenues seem insufficient price signal to attract the desired storage capacity established in the NECP.
- The volume of storage that could come from other incentives is uncertain (EU grants, grid access tenders, behind-the-meter incentives, CSP auctions, other)
- CCGTs are facing a negative economic outlook and some capacity might close or mothball.

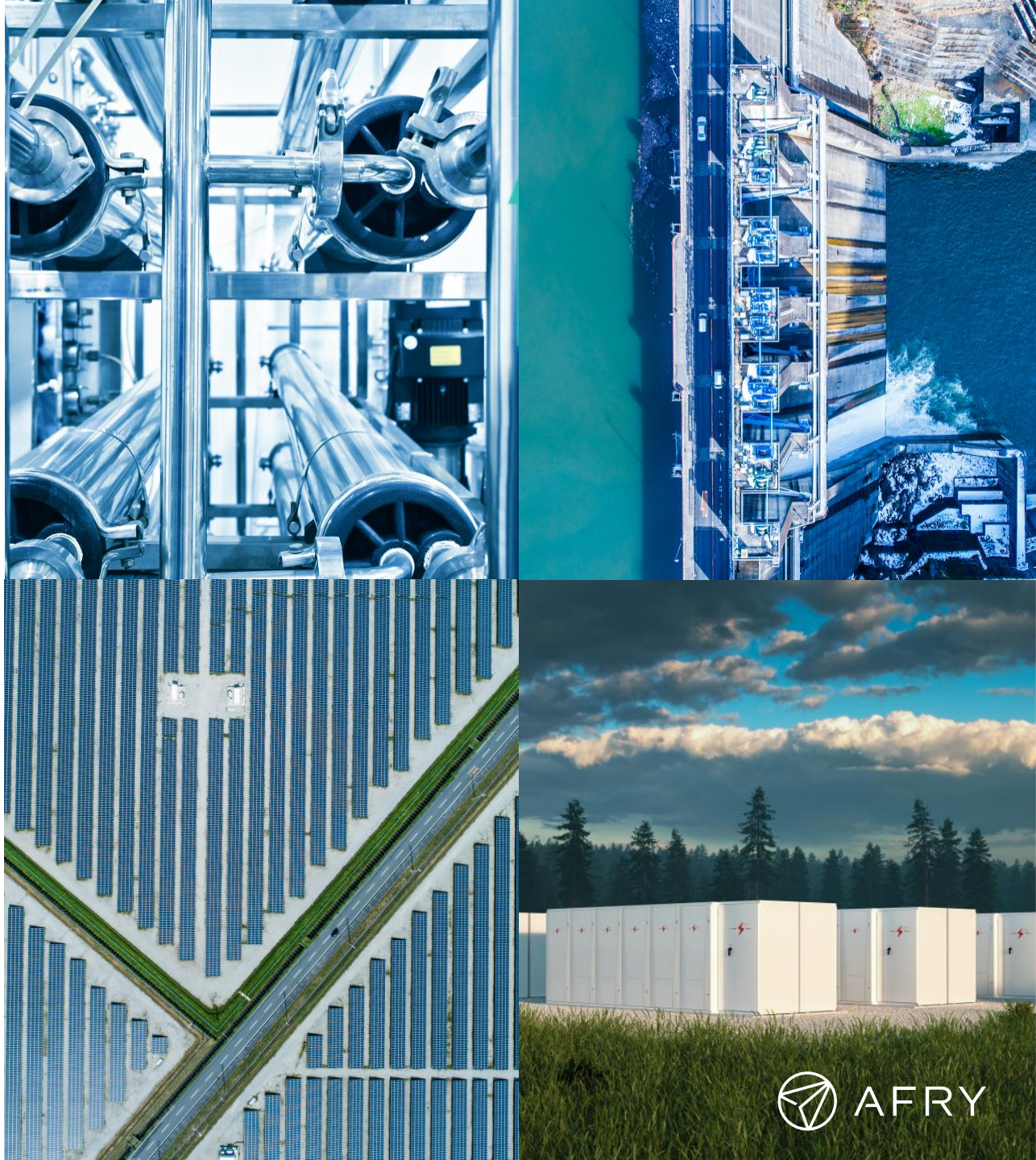
With the currently proposed capacity market, **how much additional capacity can be expected?**

- We expect a few Pumped Storage plants reaching their expected returns thanks to the Capacity Mechanism.
- It is unclear how many utility-scale or behind-the-meter batteries will be deployed during this decade since their economic outlook in an absence of an incentive or support scheme is rather insufficient.
- Without a new specific mechanism to attract storage, in seems Spain would not achieve the NECP and Roadmap targets

ILLUSTRATIVE STORAGE/CCGT CAPACITY BREAKDOWN (GW)

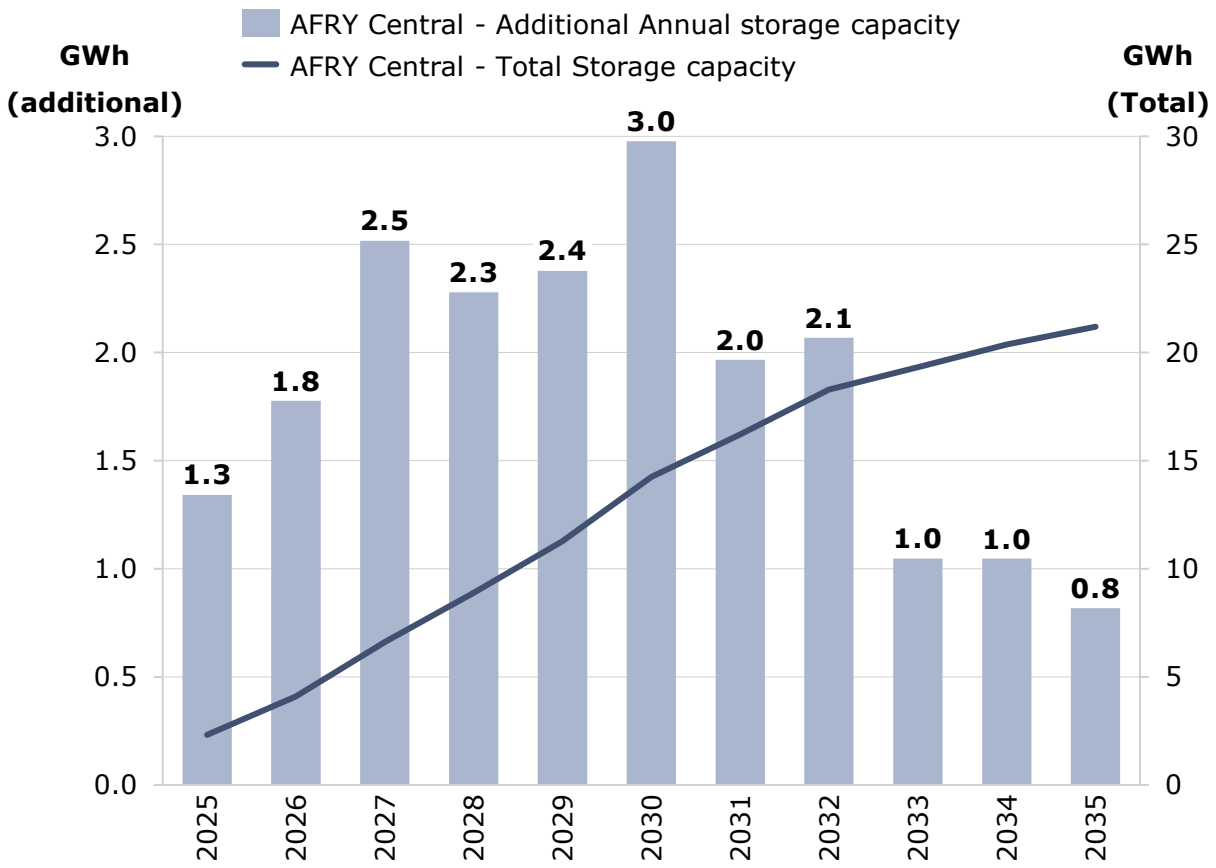


Agenda



Spanish batteries market is expected to grow in the next few years mainly driven by subsidies auctions and capacity market

BATTERY STORAGE CAPACITY[1] [GWH]



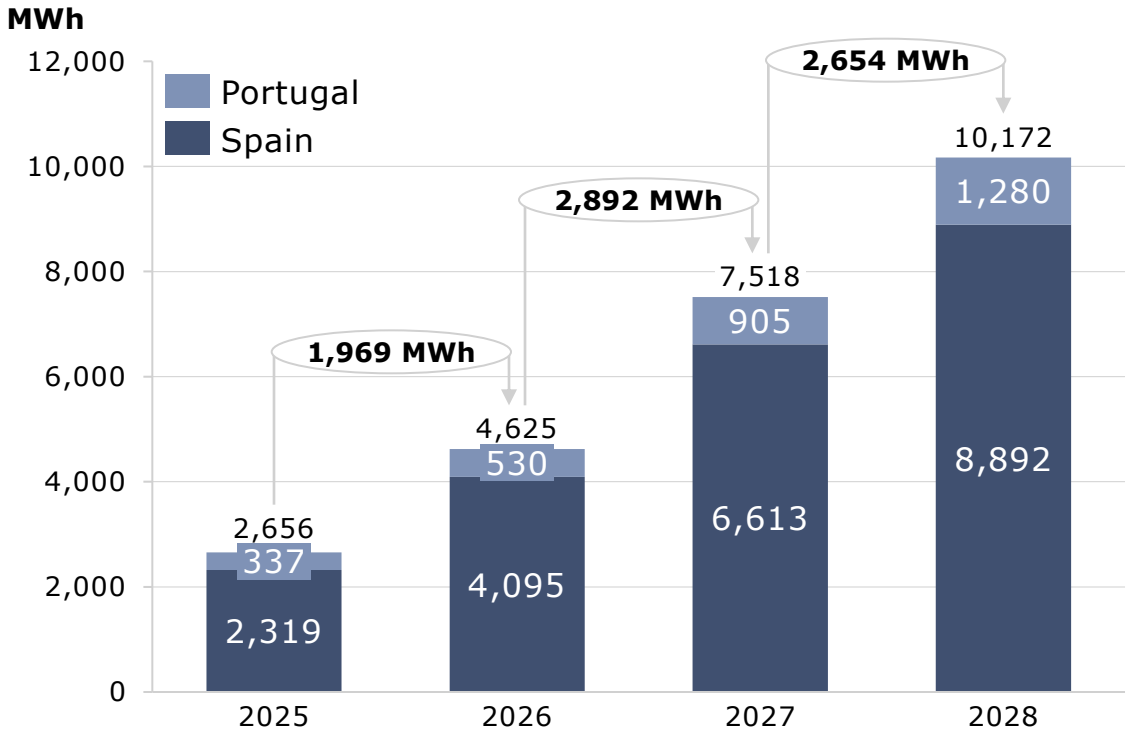
Source: AFRY analysis | Notes: (1) Utility scale and Behind the Meter Industrial Capacity

OVERVIEW

- The economics of merchant battery storage projects do not work without and additional revenue mechanism. Moreso, as more batteries are added into the capacity mix, the cannibalization of ancillary services will reduce battery revenues even further.
- Battery storage growth in Spain is expected to be policy driven until the cost of the projects achieves a significant reduction. With the current market situation, fully merchant battery storage is not expected to be economically feasible until the late 2030s.
- Therefore, battery storage growth will depend on government subsidies and the development brought about by the capacity market.
- In 2030 we expect the PNIEC target of 22.5GW of total storage to be missed by c.6GW, as not enough incentives are in place for such a large storage deployment. In particular, battery storage will reach c.4GW by 2030, driven by the capacity market and government auctions.

Short-term growth of battery storage is policy driven, as merchant revenues are still insufficient

BATTERY STORAGE CAPACITY – AFRY CENTRAL VIEW [MWH][1]



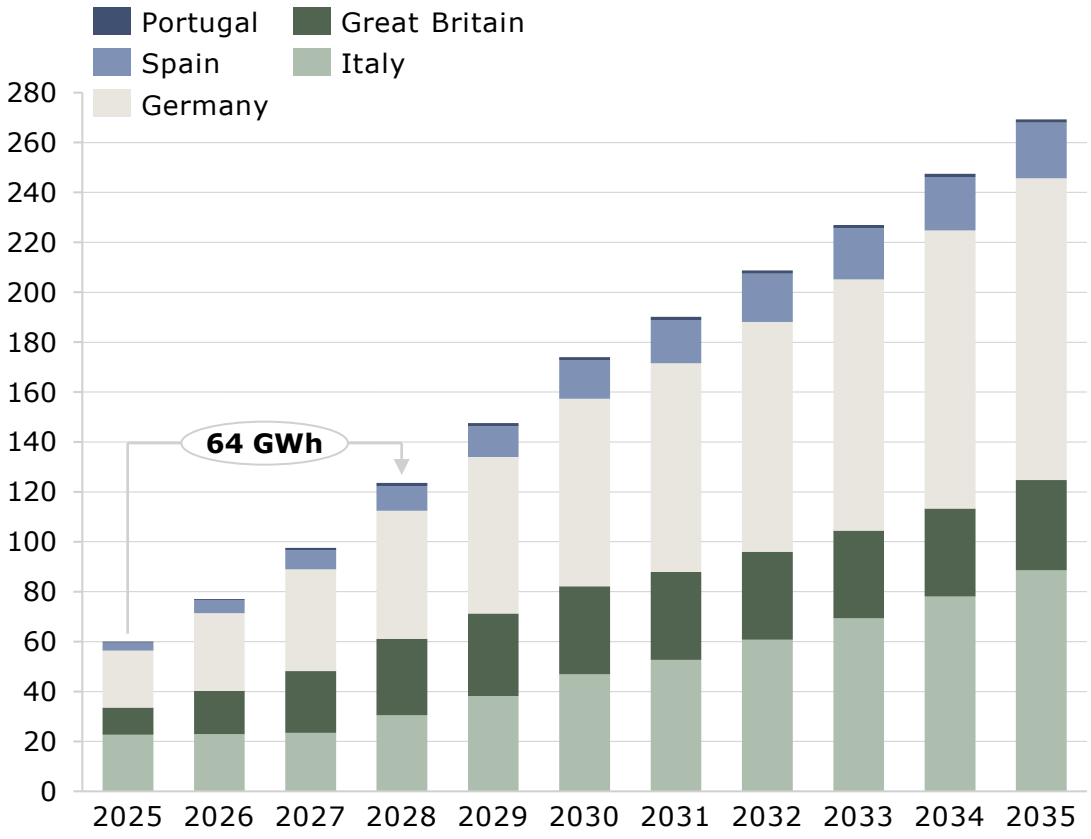
OVERVIEW

- Merchant revenues for battery storage are insufficient in absence of additional remuneration. Almost all capacity expected to come online in the following years is attributed to the subsidies granted in the auctions carried out by IDAE in 2023.
- Projects granted funds from these auctions are supposed to be operative by Q2 2026 according to the auction guidelines. However, we are already seeing delays in the different necessary procedures, hence we don`t expect projects to comply with their expected deadline. Consequently, we expect all the projects to come online before the end of 2027.
- AFRY foresees that batteries will start to be developed due to the functioning of the capacity market from 2028 onwards, being the main market driver in the absence of additional subsidy auctions.
- No significant market-driven batteries are expected in the short – term

Source: AFRY analysis; Notes: (1) This represents End of Year Capacity

Battery storage capacity in the studied markets is set to grow to c.250GWh in 2035, with Italy and Germany leading the growth

BATTERY STORAGE CAPACITY[1] (GWH)

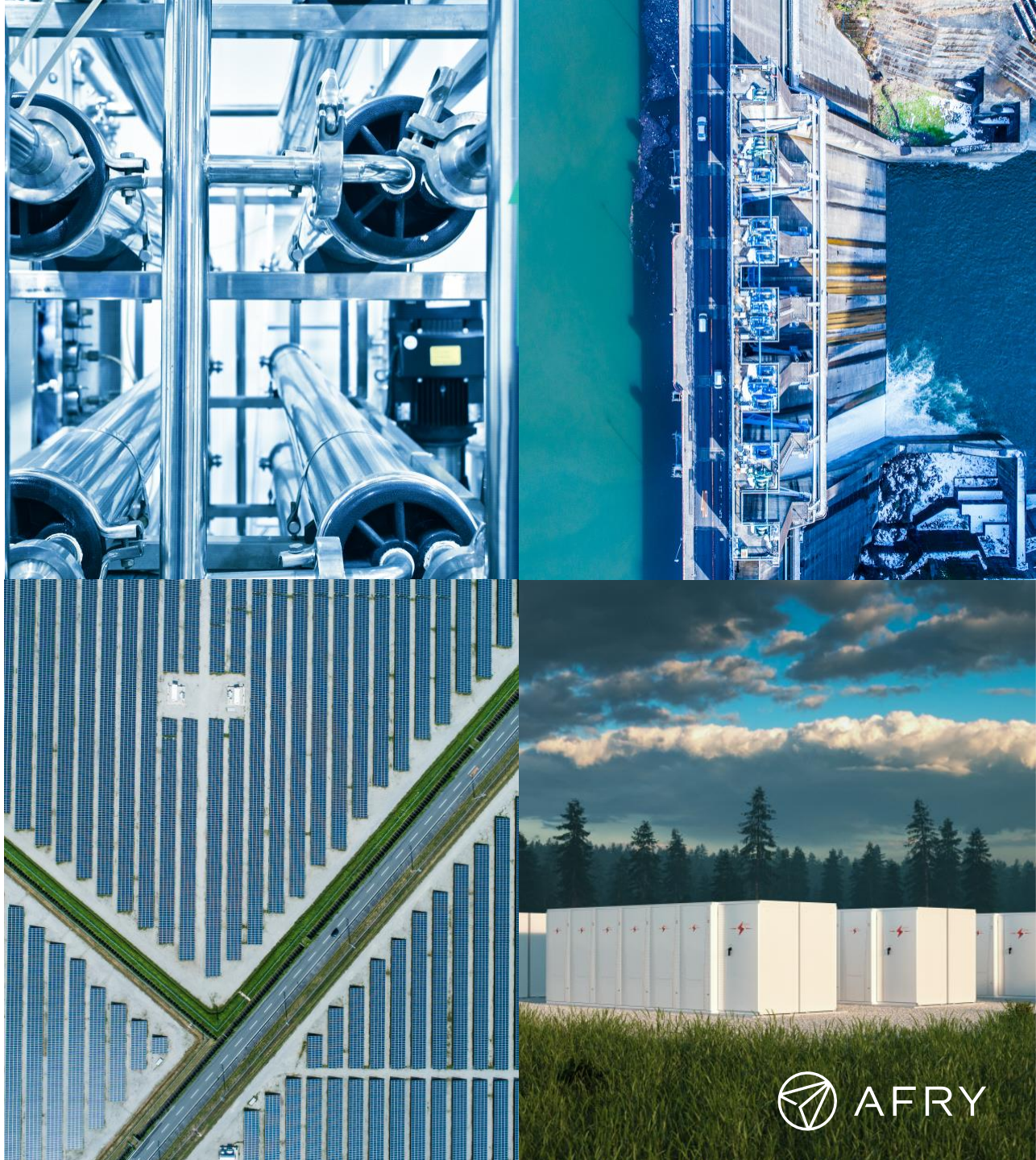


OVERVIEW

- The ambitious decarbonization goals of European countries will create the need of a large deployment of storage capacity. With higher renewable integration, battery storage will supply the need of flexibility that the intermittency of renewable resources creates, as firm capacity coming from conventional thermal generation will fade off following the decarbonization targets.
- Larger storage growth is expected from the late 2020s onwards, as the cost of battery storage decreases, hence making the economics of storage projects more attractive.
- Italy and Great Britain have more battery storage developed in the short-term, as they have more attractive ancillary services markets given the zonal implications.
- The largest growth will come from Germany and Italy, with 103GWh and 89GWh installed in 2035, respectively.

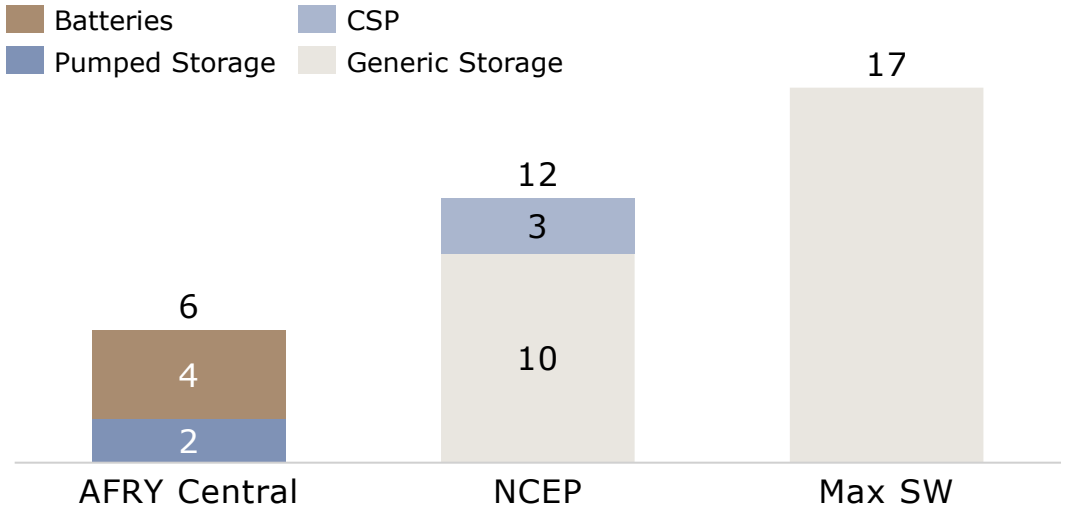
Source: AFRY analysis | Notes: (1) Total Front The Meter and Behind The Meter storage capacity for Spain, Germany and Italy. For Great Britain BTM capacity is only industrial. For Portugal all is Front The Meter Capacity.

Agenda



The development of a specific market to increase flexibility in the system would enable more renewables and be cost-efficient for consumers

STORAGE INSTALLED CAPACITY PER SCENARIO [GW]



Scenario	Storage 2030 (GW)	Comment
CMB (Base)	6,0	Storage that comes thanks to other sources: market driven, PRTR, etc.
NECP	12.0	NECP target
Maximum Socioeconomic Welfare (Max SW)	17.0	+5GW from NECP target

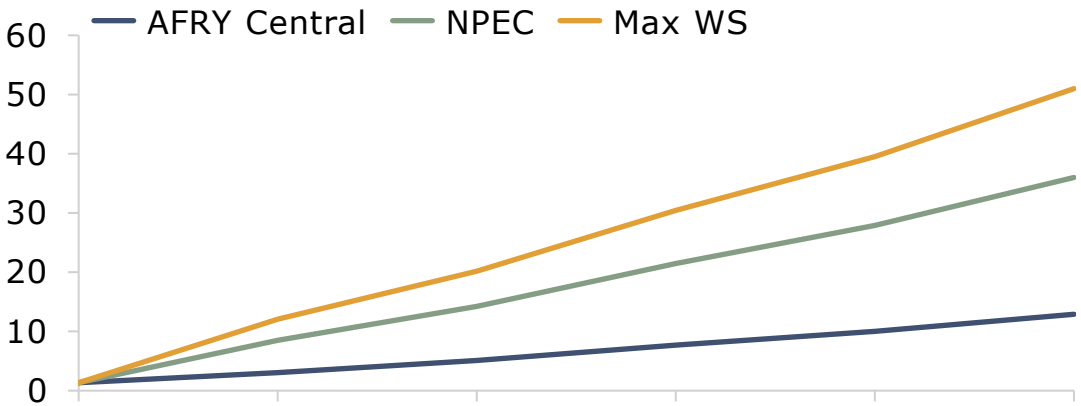
Source: AFRY analysis; NPEC

COMMENTS

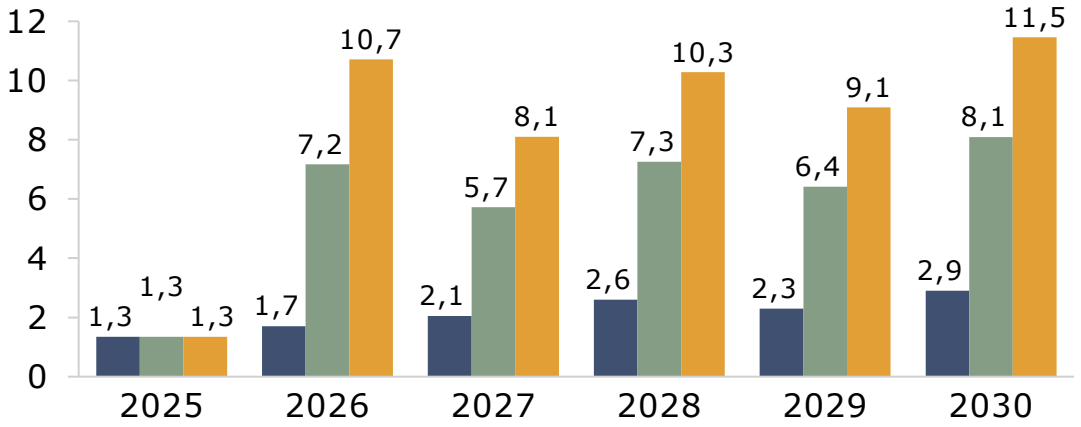
- The value of the incentive cost to additional storage is lower than the value of the benefit to consumers, even for the most extreme case studied in which +17GW of additional storage is installed, going beyond the political target of the National Energy and Climate Plan 2030 and the Storage Roadmap.
- Storage also allows for higher renewable integration, reducing curtailments in hours of high renewable resource. It also reduces the need for thermal emitting technologies during hours of system stress, which helps accelerate decarbonisation, reduces CO2 emissions and international gas dependency.
- When comparing the impact of storage under a scenario with higher commodity prices, the CBA shows that the benefits of storage are enlarged, with storage providing an 'insurance' against high commodity prices. Additionally, the payment of the incentive in this scenario is reduced as the storage facilities will have lower missing money due to higher revenues captured in the market. This means that storage appears as an efficient solution to mitigate price volatility and a 'cheap insurance' to stabilise electricity costs, which is particularly beneficial in turbulent times for commodities such as the period the world faces today.

We project lower storage deployment in the Spanish system compared to the NECP plan due to lack of economic incentives

BATTERY STORAGE CAPACITY [GWH]



ADDITIONAL ANNUAL BATTERY STORAGE CAPACITY [GWH]



Source: AFRY analysis, NPEC; Note: For NPEC and Max WS scenarios an average of 3 hours of storage has been considered

OVERVIEW

- AFRY's vision regarding the development of storage capacity is considerably more conservative than the government's targets. Currently, battery costs need to continue decreasing, and high price spreads must be maintained for batteries to be profitable in the market. In the meantime, the development of this technology will mainly be driven by government subsidy and/or remuneration schemes.
- However, AFRY has explored the possibility of developing a specific market for storage development. In this study, a cost-benefit analysis (CBA) was conducted, testing both the NPEC targets and the maximum capacity that could enter the market. These results are shown in the graphs on the left as NPEC and Max SW

Agenda

AFRY has designed the following possible market share scenarios to assess Endurance's growth possibilities

Market size view

AFRY Central

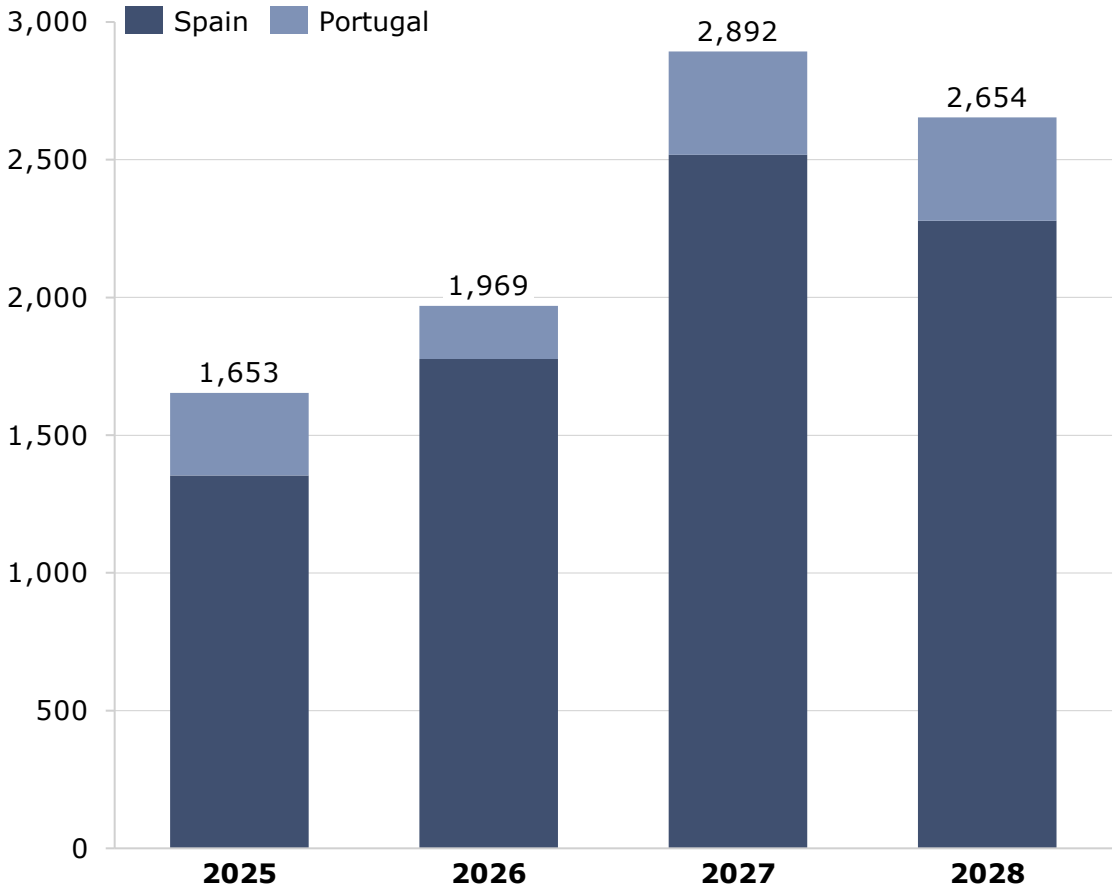
Target MS of addressable market

The scenario assumes a target market share for the addressable market of the different countries, based on mature markets behaviour.

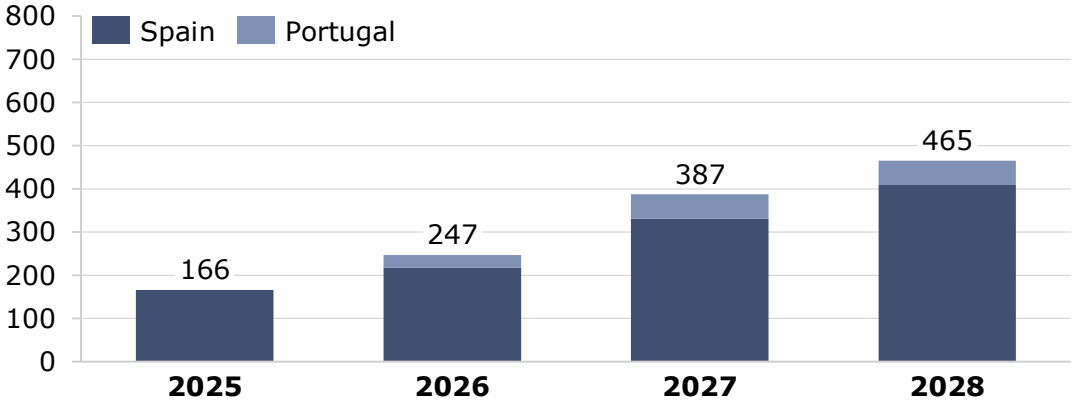
- **Italy, Germany and UK**: in mature BESS markets, small players account for c.25% of the market. Endurance should be able to compete with players in this niche, and aim to achieve a target of 16% market share of this niche by 2028.
- **Spain and Portugal**: for Iberia, the addressable market of projects <30MWh and <50MWh is calculated. Endurance should aim to achieve a larger share of these niche, leveraging its domestic advantage, and aim to achieve a 30% share by 2028.

The addressable market in Iberia has been calculated for projects <30MWh and <50MWh, as Endurance's competitive niche

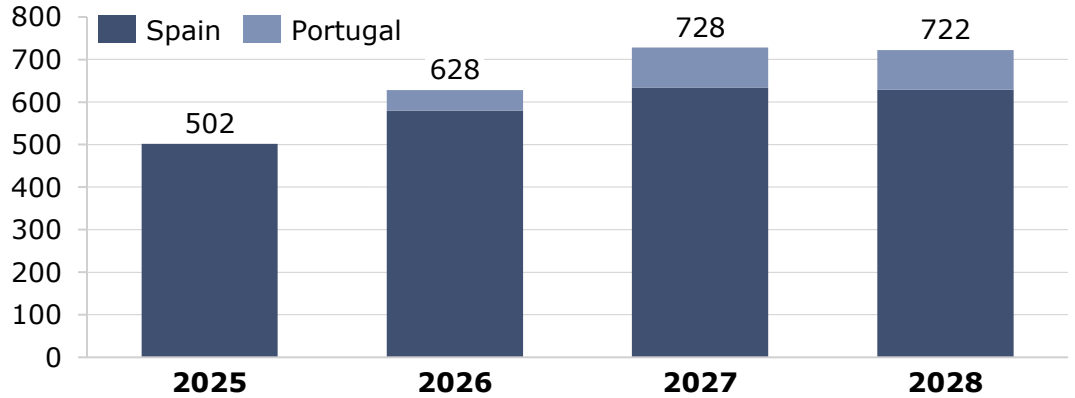
IBERIAN MARKET GROWTH (MWH/YEARLY)



ADDRESSABLE MARKET[1] <30MWH (GROWTH MWH/YEARLY)



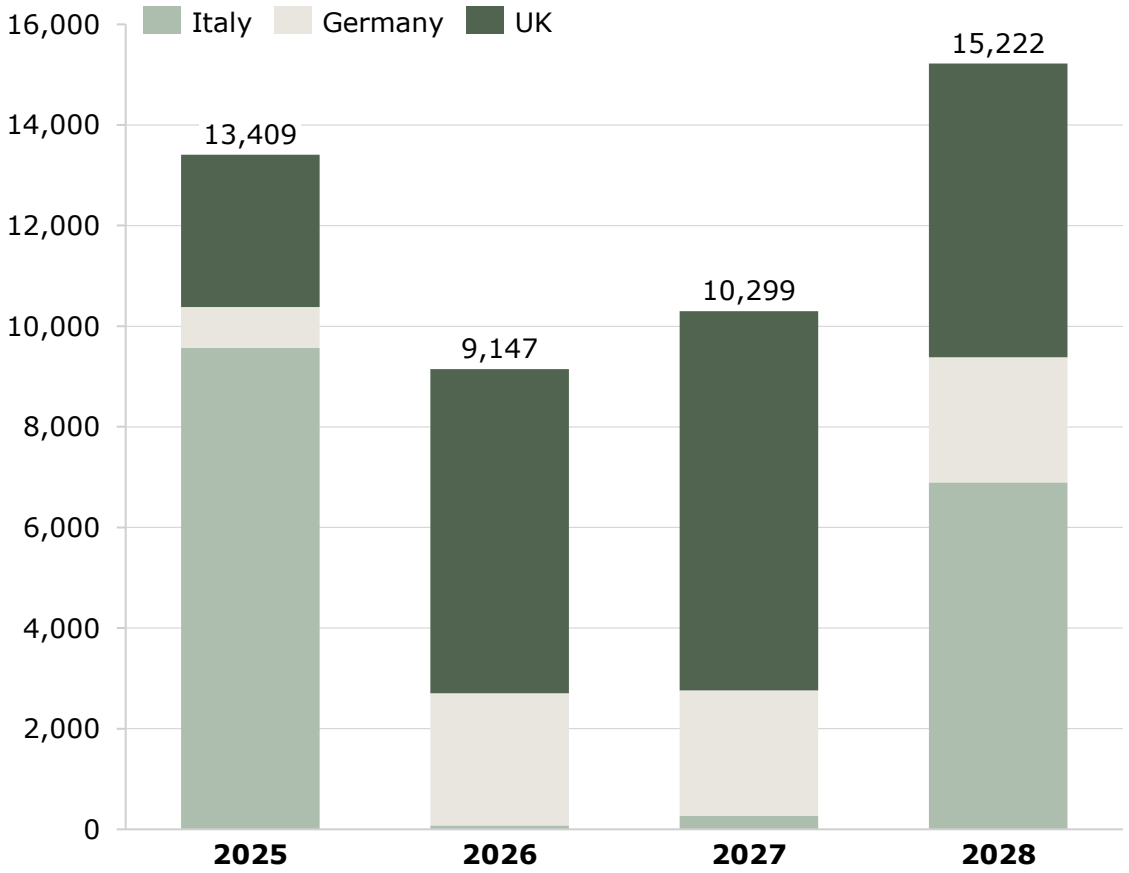
ADDRESSABLE MARKET[1] <50MWH(GROWTH MWH/YEARLY)



Notes: (1) Addressable market is calculated as: SPA - awarded auctions capacity <30 MWh and <50MWh, SPA - Merchant & Capacity market (15% <30 MWh and 25% <50MWh), POR – awarded auctions capacity (15% <30 MWh and 25% <50MWh), POR - 300MWh project of Endesa from PEGO auction not included

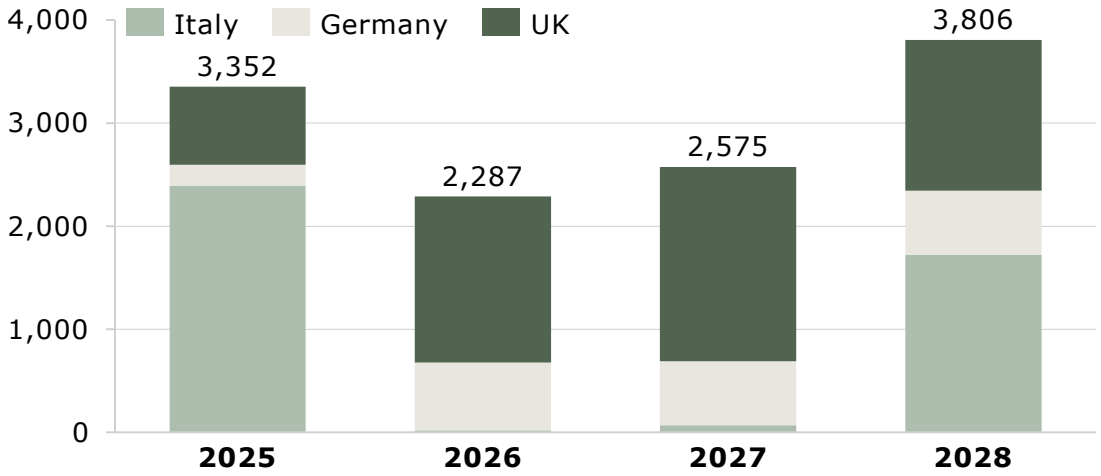
The addressable European market is calculated following the analysis of a mature market, with smaller players accounting for c.25% of the market

EUROPEAN MARKET GROWTH[1] (MWH/YEARLY)



ADDRESSABLE EUROPEAN MARKET (MWH/YEARLY)

- More mature BESS markets, show a high concentration of large manufacturers, with these large players accounting for c.75% of the market.
- Many smaller players compete for the remaining c.25%, it being a highly fragmented market, with players aiming to capture 3-5% of the total market.
- Endurance will compete with these players, mainly other European developers, for the c.25% share that the largest companies will not address.

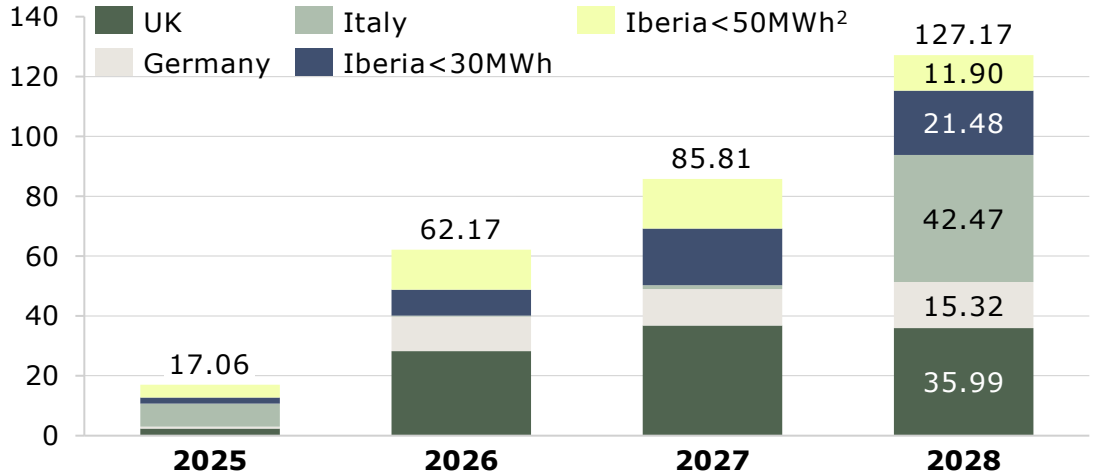


Notes: (1) Storage Capacity included is Utility Scale and Industrial Behind the Meter

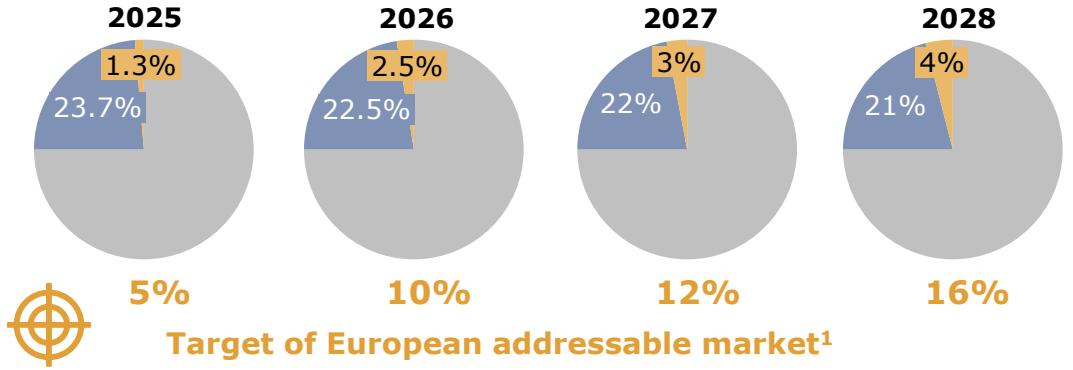
Endurance should aim to capture 16% of the small players market in Italy, Germany and the UK, and 30% of the Iberian addressable market

ENDURANCE SALES (MEUR)[3]

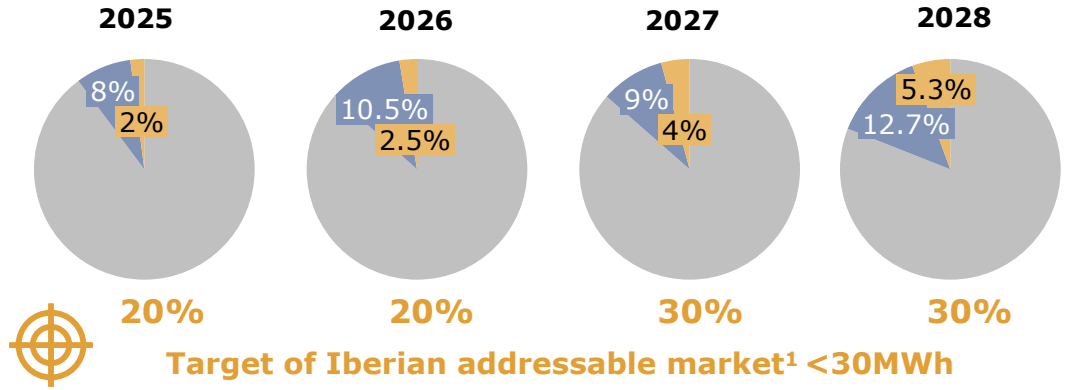
- In more mature BESS markets, a 25% share is attributed to smaller players. Endurance should aim to capture a 16% share of this small player market in Italy, Germany and the UK.
- In Iberia, Endurance should aim to capture a 30% share of the "Addressable Market <30MWh", by leveraging its domestic advantage, targeting the auction's awarded participants and the Capacity Market awardees. By further expanding in Iberia to capture the same share of the "Addressable Market <50MWh" sales see an increase in the region.
- Sales in 2025 start in September when the Utility Scale ESS is available.



ENDURANCE'S SHARE OF EUROPEAN TARGET MARKETS



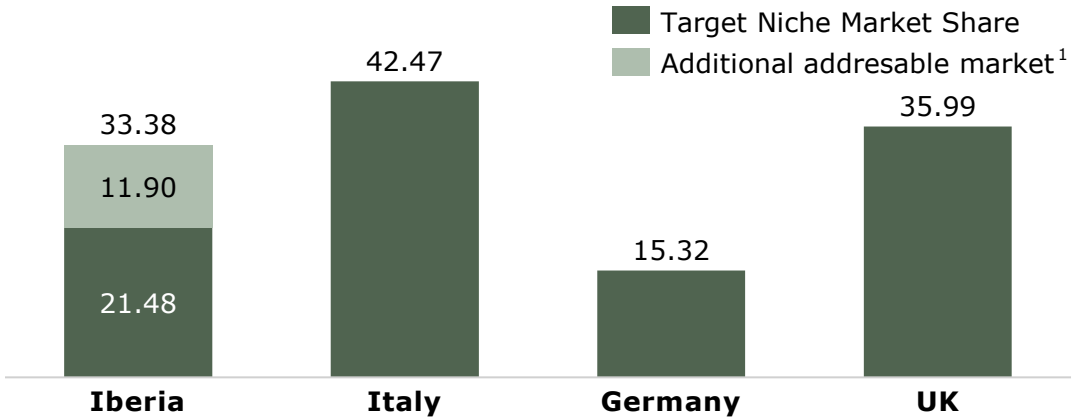
ENDURANCE'S SHARE OF IBERIAN MARKET



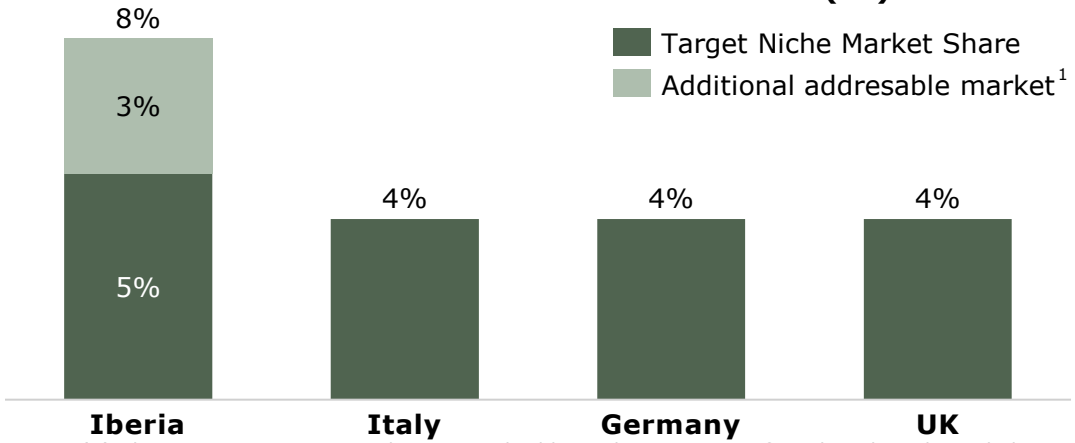
Notes: (1) Addressable markets refer to small players market in Europe (25% of total market), and market <30MWh in Iberia | (2) The category represents the potential additional sales from achieving the same target market share of the addressable market between 30MWh and 50MWh, with this, market share out of total Spanish market would be 8% in 2028
(3) Sales account for Battery pack and PCS system

The scenarios show a shift of sales capacity from Iberia to Italy and the UK, leveraging the larger size of these countries

ENDURANCE SALES IN 2028 BY REGION (MEUR)[2]



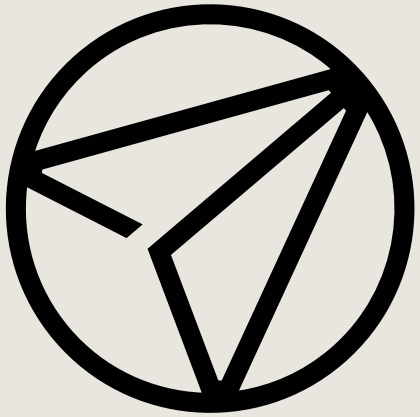
ENDURANCE MARKET SHARE IN 2028 BY REGION (%)



OVERVIEW

- The analysed scenarios suggest the strategic sales roadmap in the different target markets, based on market size and Endurance's presence in the market.
- The results indicate a focus on markets with higher growth potential, where the required market share appears more viable and stable within the framework of these new scenarios.
- Sales projections in Italy and the UK are particularly strong, as the larger size of these markets allows for increased sales without requiring such a high market share.
- In Germany, the projections show stability in sales, aligned with the size of the market.
- The overall market shares in the new scenarios reflect a more balanced distribution across different countries, with a slight concentration in the Iberian market in the second scenario, leveraging Endurance's local characteristic, accessibility and knowledge of this market.

Notes: (1) The category represents the potential additional percentage of market share by including projects between <30MWh and <50MWh
(2) Sales account for Battery pack and PCS system



AFRY

ÅF PÖYRY