S2G ENERGY

We transform environmental footprint into value
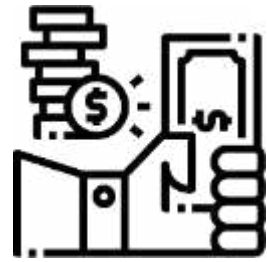
August 2020

Table of contents

The problem

The inefficient use of energy, water and gas is a **financial** and **sustainability** problem.
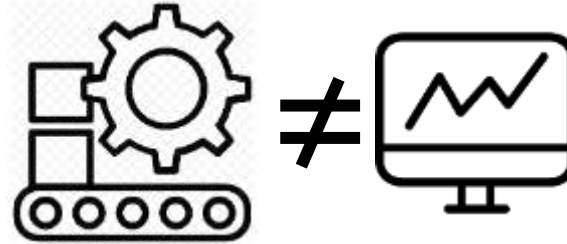
Lack of information
(Data may be abundant)

"Energy costs have been increasing rapidly with no clear cause"

Management solutions are costly, not suitable, inflexible

"Finding out energy inefficiencies is costly and hard to measure"

Analytics decoupled from business reality
(...and expensive to customize)

"Data collected and available is not helping people nor systems make decisions"

Limited insights delivering one-off results, curtailing adoption

"Constantly falling behind efficiency, sustainability, and cost reduction goals"

It is a common problem

Commercial buildings

Restaurant operators

Fresh produce co-packing

Soft drinks production

Commercial ⟵———————————⟶ Industrial
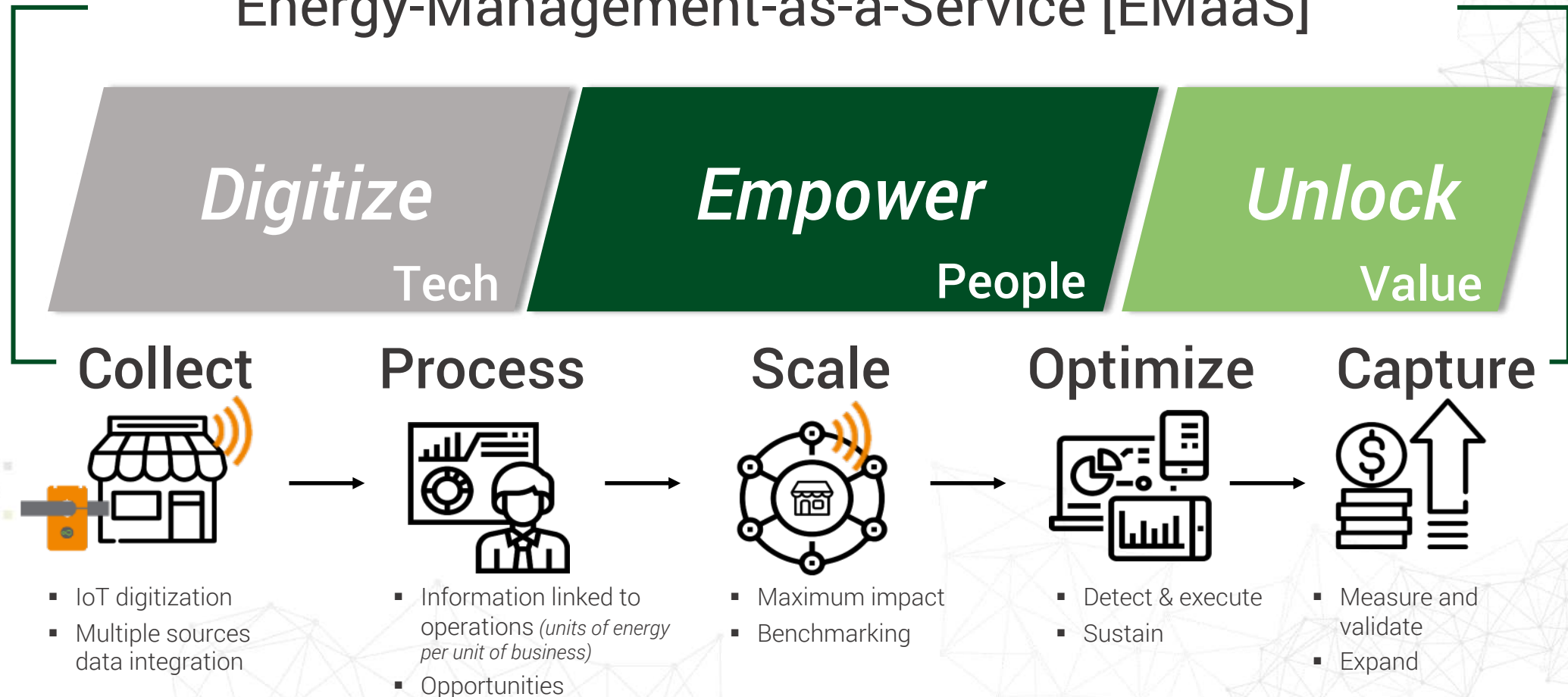
Our solution

Tailored end-to-end **B2B software-based platform designed to optimize energy resources usage** in precise correlation to business performance

Energy-Management-as-a-Service [EMaaS]

Digitize	*Empower*	*Unlock*
Tech	**People**	**Value**

Collect

- IoT digitization
- Multiple sources data integration

Process

- Information linked to operations *(units of energy per unit of business)*
- Opportunities

Scale

- Maximum impact
- Benchmarking

Optimize

- Detect & execute
- Sustain

Capture

- Measure and validate
- Expand

Our transformation journey
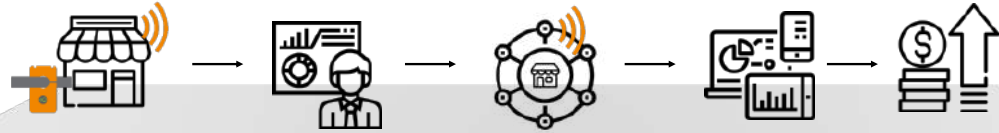
Identify scalable **OPPORTUNITIES** and deliver short-term **VALUE**

Focus to **SCALE** and **SUSTAIN** value business wide

Leverage Digital Energy as a key **COMPETITIVE ADVANTAGE**

	1 to 6 months		6 to 18 months	18 to +36 months
Digitize	• Non-invasive wireless IoT sensors • Multiple Data collection and enrichment	• Normalized energy usage understanding • Customized visualization	• Equipment, processes and site benchmarking	• Predictive analytics • AI-driven control • Energy virtual assistant	• Digital twin • Sustainable design • Blockchain
Empower	• Seamless technology deployment • In-house flexible hardware adaptation	• Actionable insights from day 1 • Co-created pipeline of opportunities	• Gamified performance competition • Standard KPI's	• Predictive maintenance • Widely adopted Data drive decision making	• Organization wide enabled decisions, driving out costs and enhancing profitability
Unlock	• Cost effective implementation and fast at scale set-up	• Tangible short-term results • Sustained operational discipline	• Cost control and budgeting • ROI based procurement	• Quantifiable at scale value prediction • Continuous cost optimization	• Maintenance and indirect costs reduction • Stakeholders sustainability reporting

EMaaS

Chili's® Mexico, $1m savings

19% efficiency in 3 years through a custom playbook

Off-hours / Peak-hours / Load Mgmt. / RAC Optimization
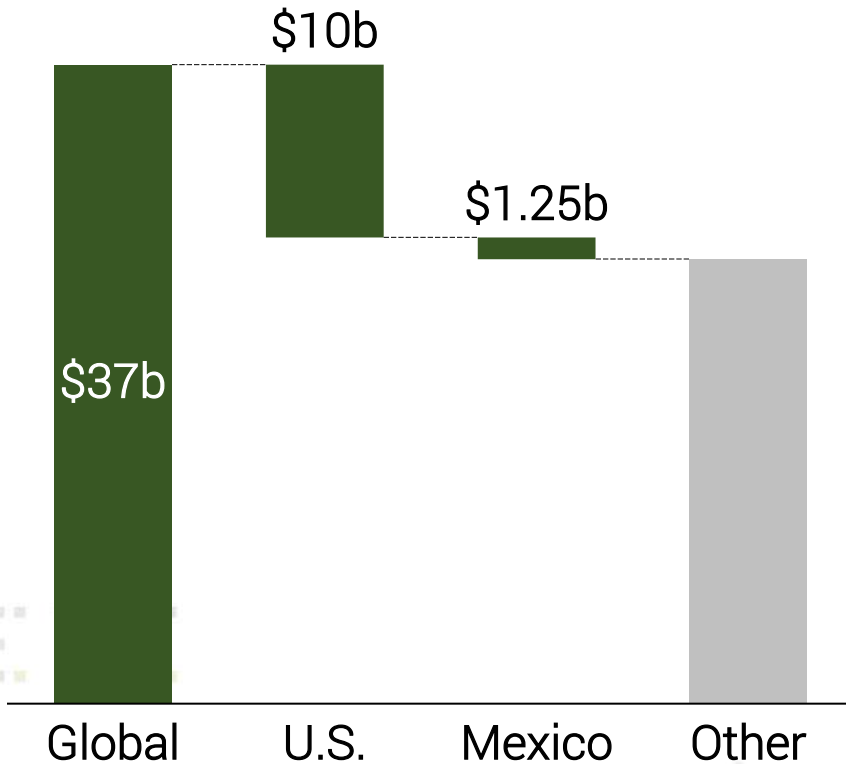
Pre-COVID -19%

Low occupancy -37%

Delivery -57%

Lockdown -74%

[Energy efficiency from baseline pre-pandemic consumption (%kwh)]

Market Opportunity

Size

5%* of energy efficiency represents:

$10b

$1.25b

$37b

Global   U.S.   Mexico   Other

Trends

+ Costs reduction

+ Sustainability

+ Electrification & digitization

+ Adaptability & remote execution

Product-market fit

Set to achieve 10x in revenue in 3 years

+ **$2m savings achieved for our clients in Mexico:**

✓ 1st and 2nd largest restaurant chains operators

✓ Largest agro-industrial exporter

✓ 3rd largest bank in Mexico

$ = U.S. Dollars

* Direct electricity consumption reduction of 5% for overall power demand in commercial, industrial and agro sectors

Source: International Energy Agency; U.S. Energy Information Administration, NERA Economic Consulting, S2G Energy analysis and estimations

Our business model

Targeting customers with scalability potential (multi-site), EMaaS is a turn-key solution with two revenue components:

Set-up [one time]

- IoT sensor deployment
- Data integration
- 60% of revenue in 2019

Service [12 to 36 months]

- Platform customization
- Modeling and analytics
- Control and automation
- Usability, adoption, and value

Up to 18% energy efficiency in 12 months

Capabilities to deliver value

Sensors

- IoT
- Ultrasonic
- Flow meters
- …

Electric   Water   Gas

Data integration

- BMS
- ERP
- Telemetry
- Weather
- …

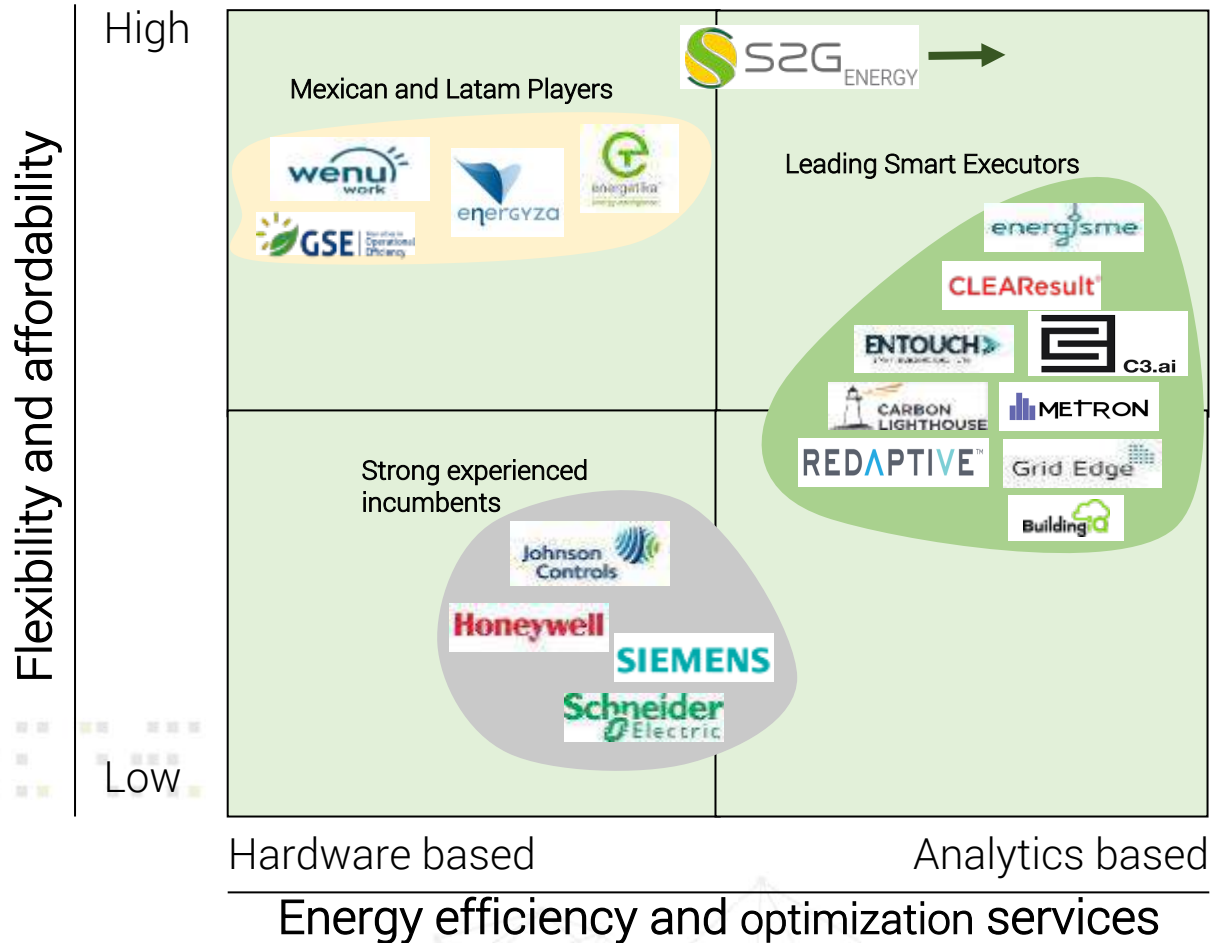## Energy Assistant

S2G Energy Bot

Web platform

Smart control
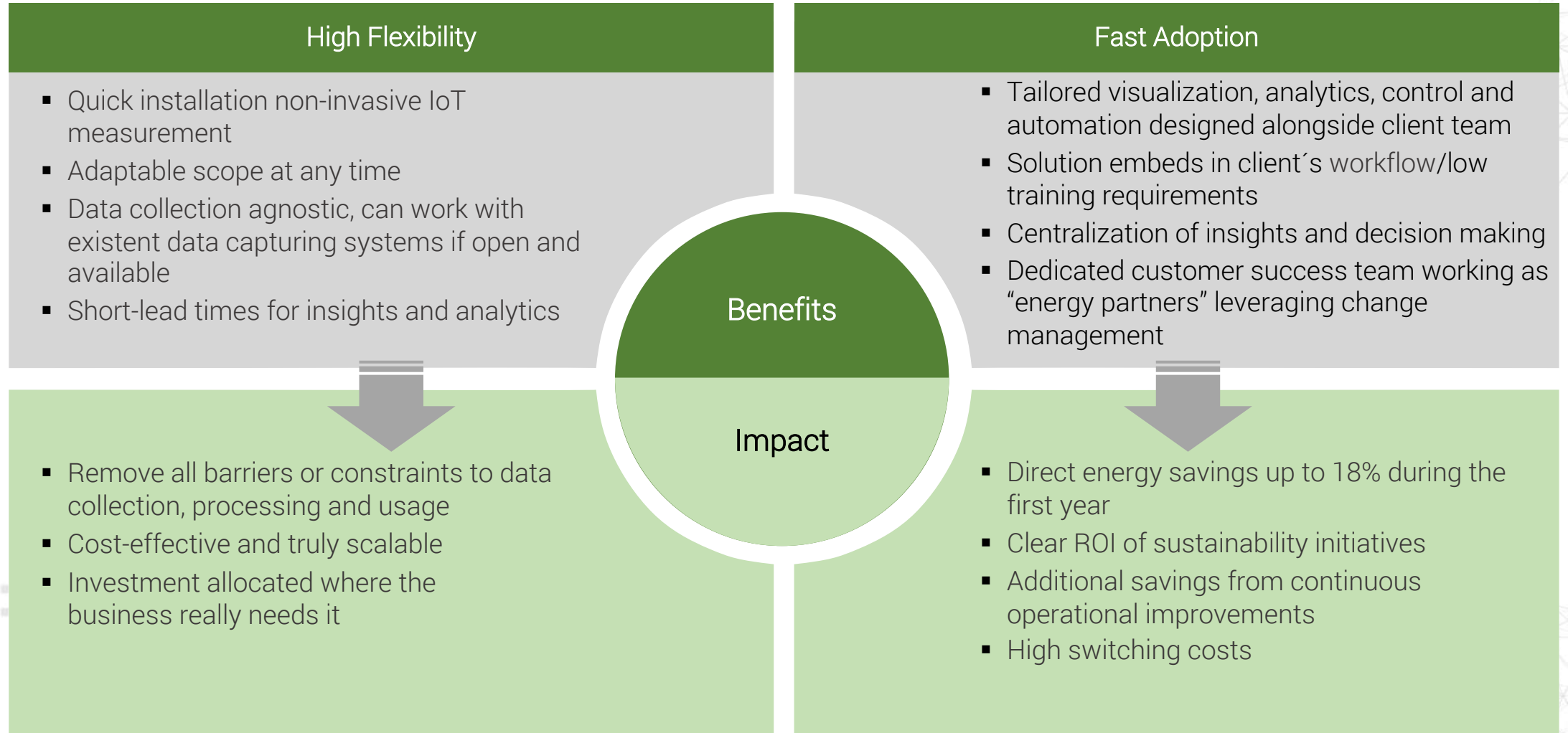
Competitive landscape

Competitive landscape

We're the only player offering the whole package with a highly competitive cost-to-serve from Mexico to any client in the world:

- ✓ Top talent
- ✓ High degree of customization
- ✓ Personalized service

Our differentiator

High Flexibility

- Quick installation non-invasive IoT measurement
- Adaptable scope at any time
- Data collection agnostic, can work with existent data capturing systems if open and available
- Short-lead times for insights and analytics

Fast Adoption

- Tailored visualization, analytics, control and automation designed alongside client team
- Solution embeds in client´s workflow/low training requirements
- Centralization of insights and decision making
- Dedicated customer success team working as "energy partners" leveraging change management

Benefits

Impact

- Remove all barriers or constraints to data collection, processing and usage
- Cost-effective and truly scalable
- Investment allocated where the business really needs it

- Direct energy savings up to 18% during the first year
- Clear ROI of sustainability initiatives
- Additional savings from continuous operational improvements
- High switching costs

S2G ENERGY

Think of us as the EVs for the efficiency industry

EMaaS

Environmental impact

65% of global CO2 emissions

30% of global CO2 emissions

Mind-blowing user experience, irrefutable value and difficult to let go of

Barriers to entry

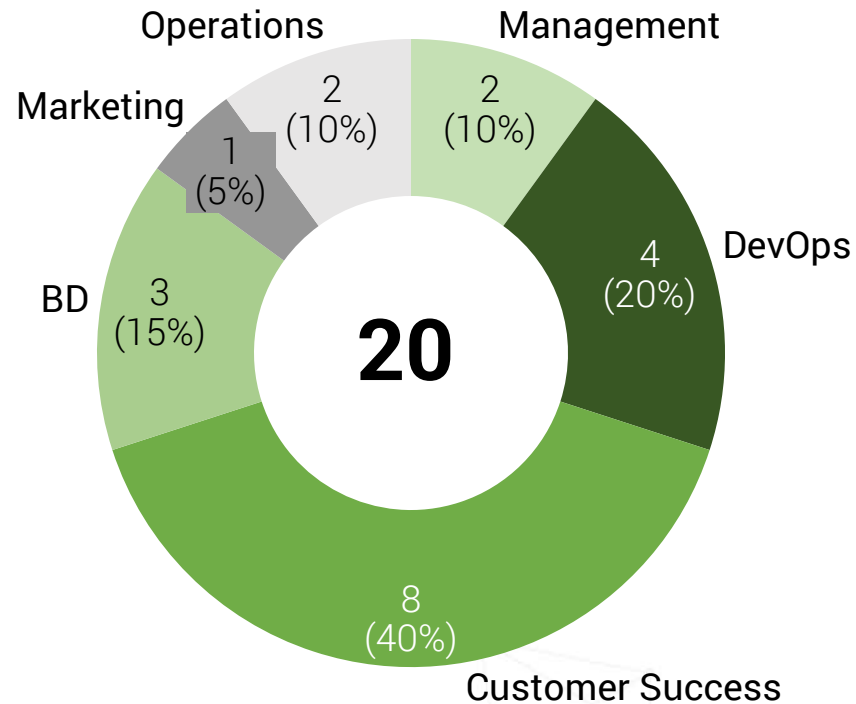Low priority on cost reduction & sustainability

High up-front cost

Sales & Distribution

Dedicated BD Team

01

S2G Energy's BD team leads commercial efforts, new clients. Customer Success team identifies growth opportunities within existent clients.

Technology partner

02

S2G Energy is a Centrica Business Solution channel partner for IoT sensors hardware setup.

Joint ventures*

03

EMaaS through Energy Service Providers to commercial and industrial off-takers when signing a PPAs typically with a renewables' operator

Target Client

S2G Energy´s client

- Commercial or industrial player with multi-site operations
- Annual revenue > USD $150m
- Power demand > 40GWh/Yr

Commercial & Buildings

Hospitality

Retail

Education

REITs

Healthcare

Banks

Data Centers

Telecom

Industrial

Food

Agro

Beverage

Geographic focus

Mid-term
Europe

2021
United States*
*Selected markets

Prospecting
Latin America

Currently
Mexico

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Our clients

Commercial & Buildings

Hospitality

Alsea — Largest restaurant operator in Mexico

CMR — 2nd Largest restaurant operator in Mexico

myt grupomyt.com — Important restaurant operator in Mexico

Banks

BANORTE

3rd Largest bank in Mexico (Largest Mexican owned)

Industrial

Agribusiness

altex — Leading Mexican agro exporter

Other Industrial

INDUX — Hardware manufacturer

Beverages

BACARDI — Leading spirits distiller

DIAGEO — Global spirits distiller

Pilots

REIT

FUNO — Largest REIT in Mexico

Retail

AutoZone — Auto parts retailer*

H·E·B — Supermarket chain*

*Mexico stores

Data Centers

KIO Networks — Leading Data Center in Mexico and Latam

Food & Beverage

GEPP, **FEMSA** — Leading soda bottling companies in Mexico

Other Industrial

CEMEX — Global Mexican cement and concrete producer

Our economic model

Unit economics

Lifetime Value (LTV)	$1.2m
Client Acquisition Cost (CAC)	$22k

	Commercial	Industrial
Annual recurring revenue per client	$105k	$76k
Gross margin	66%	49%
Energy expense savings	10 − 12%	5 − 8%
Typical service contract duration	36 mo.	24 mo.

$ = U.S. Dollars

Financials & business traction

S2G ENERGY

Historical Revenue

Thousand USD

- Gross margin 46%
- Recurring revenue 2019 represented ~40%[1]

Revenue growth model

Pilot → **Proxy EMaaS** → **Multi-site** → **Expansion**

Prove concept and identify value

Capture value and identify potential of enterprise wide management

Replicate and change ways of working

Expand (water, gas), and complete digital energy transition
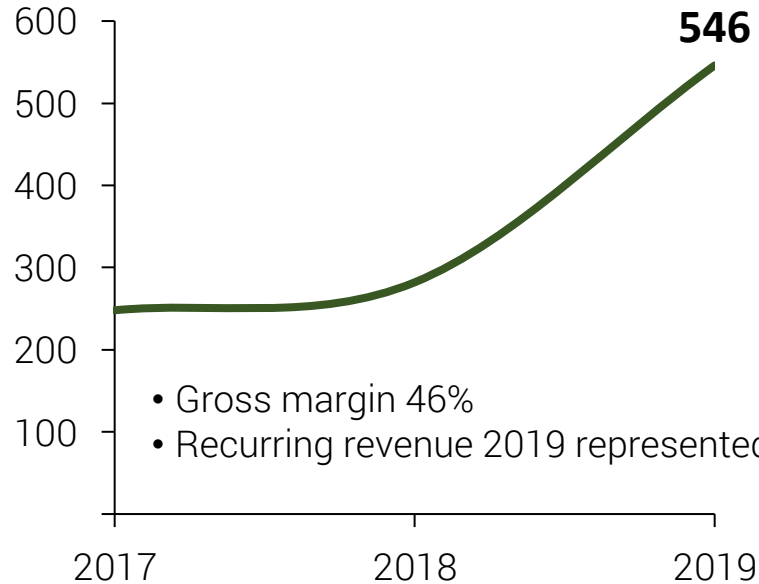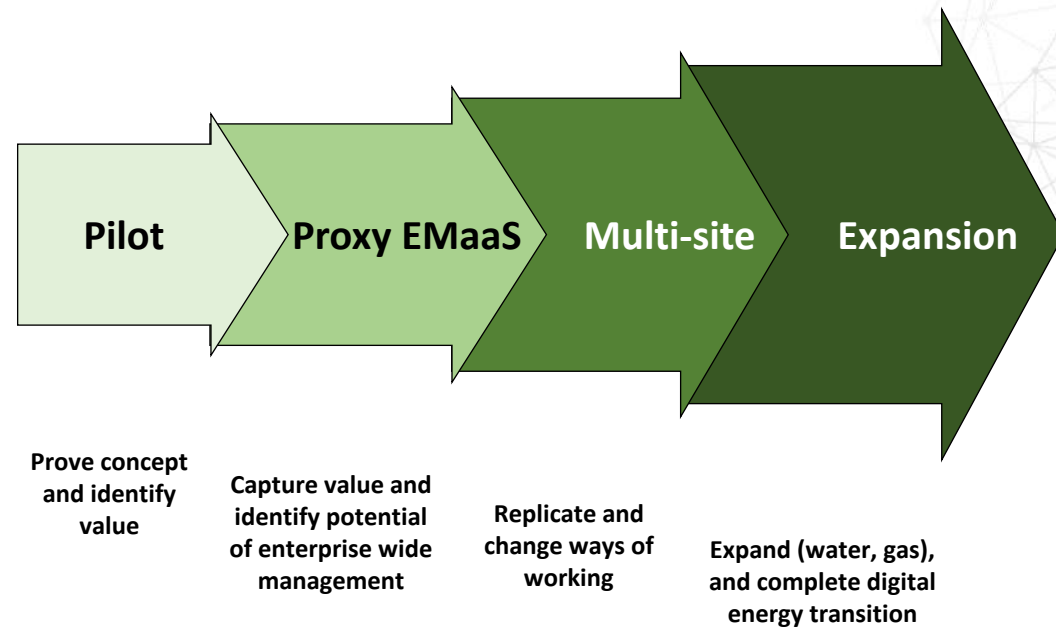
Our current situation:

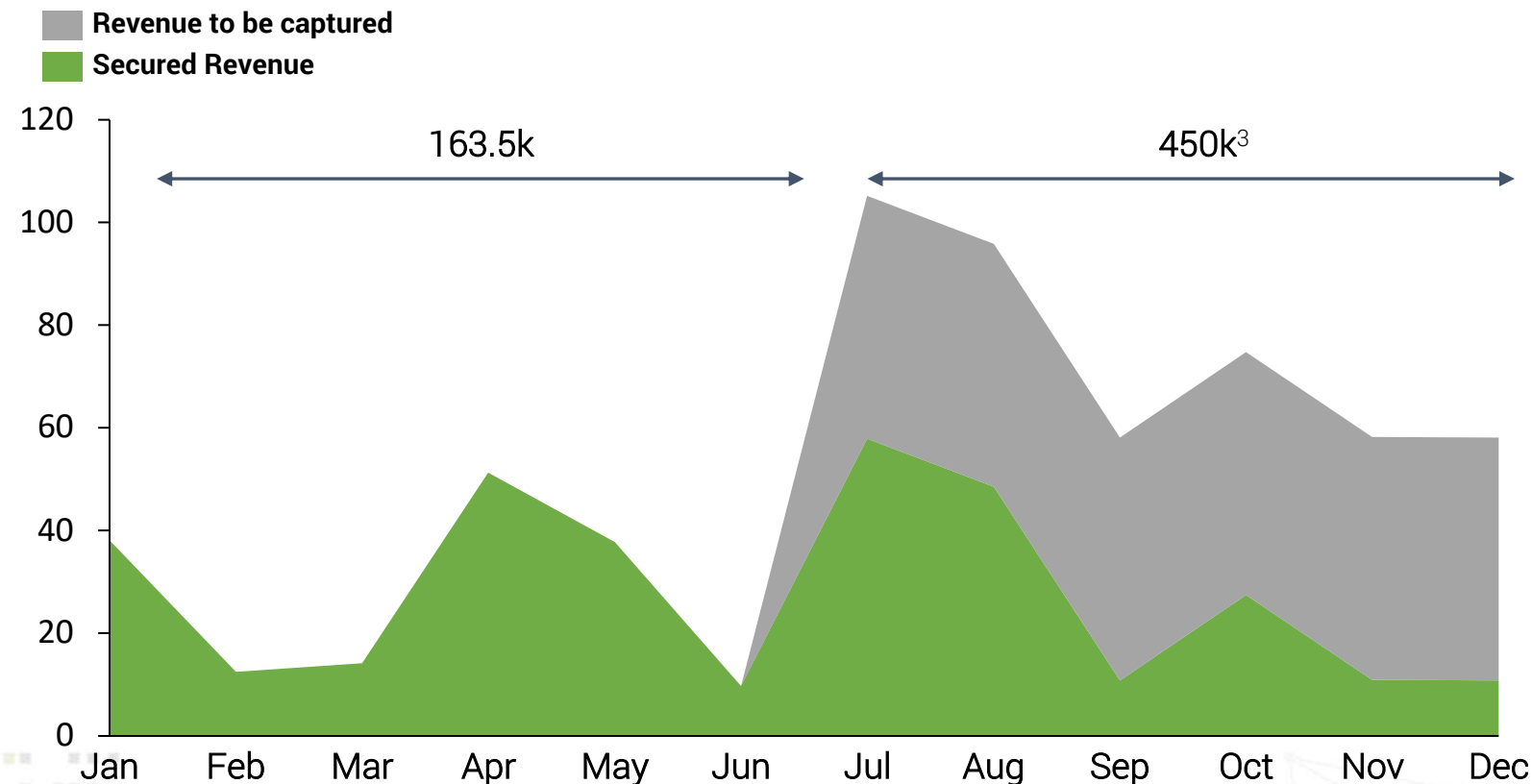| Avg. Monthly Burn Rate[2]	Expected Runway
USD 37K	< 4 months

[1] Split of EMaaS Revenue   [2] Hand-braked costs - burn rate due to current crisis

Forecast 2020

Monthly Revenue 2020[1]

Thousands USD[2]

- Revenue to be captured (grey)
- Secured Revenue (green)

163.5k   450k[3]

Client base and current pipeline

# of companies
- PIPELINE
- CLIENT

12

8

2020
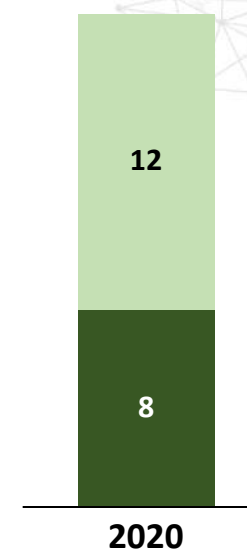
Forecast (Revenue to be captured)

- Average project revenue split: 58% setup / 42% recurring
- 5 projects: ~ USD 32k in setup / 8k MRR

20

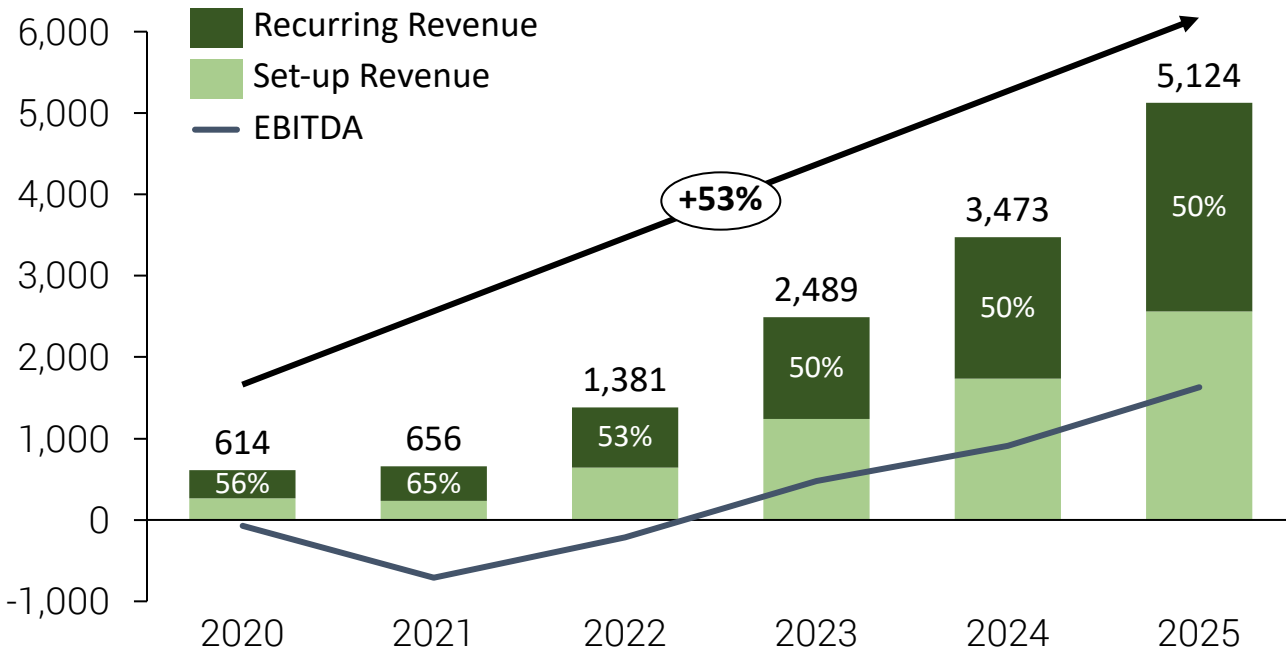[1] Projects with quarterly invoicing have been normalized to monthly revenue   [2] Revenues have been converted to USD at exchange rate of MXN $21.72/USD   [3] Secured revenue in H2 totals USD 163.3k

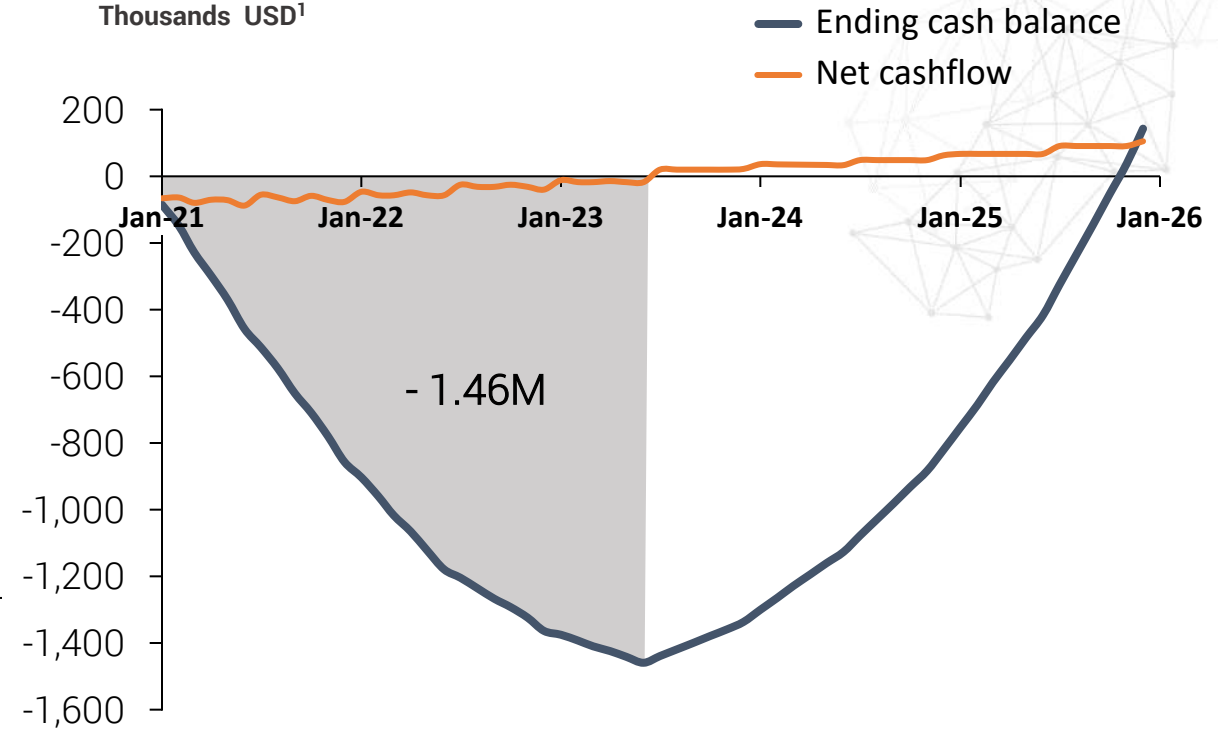# Financial Projection

Revenue vs. EBITDA

Thousands USD[1]

- ■ Recurring Revenue
- ■ Set-up Revenue
- — EBITDA

+53%

Year	Total	Margin
2020	614	56%
2021	656	65%
2022	1,381	53%
2023	2,489	50%
2024	3,473	50%
2025	5,124	50%

Cumulative 2020 - 2025

EBITDA	Avg. EBITDA Margin
USD 2M	15%

2025

EBITDA Margin
32%

Cash Flow vs. Cash Need

Thousands USD[1]

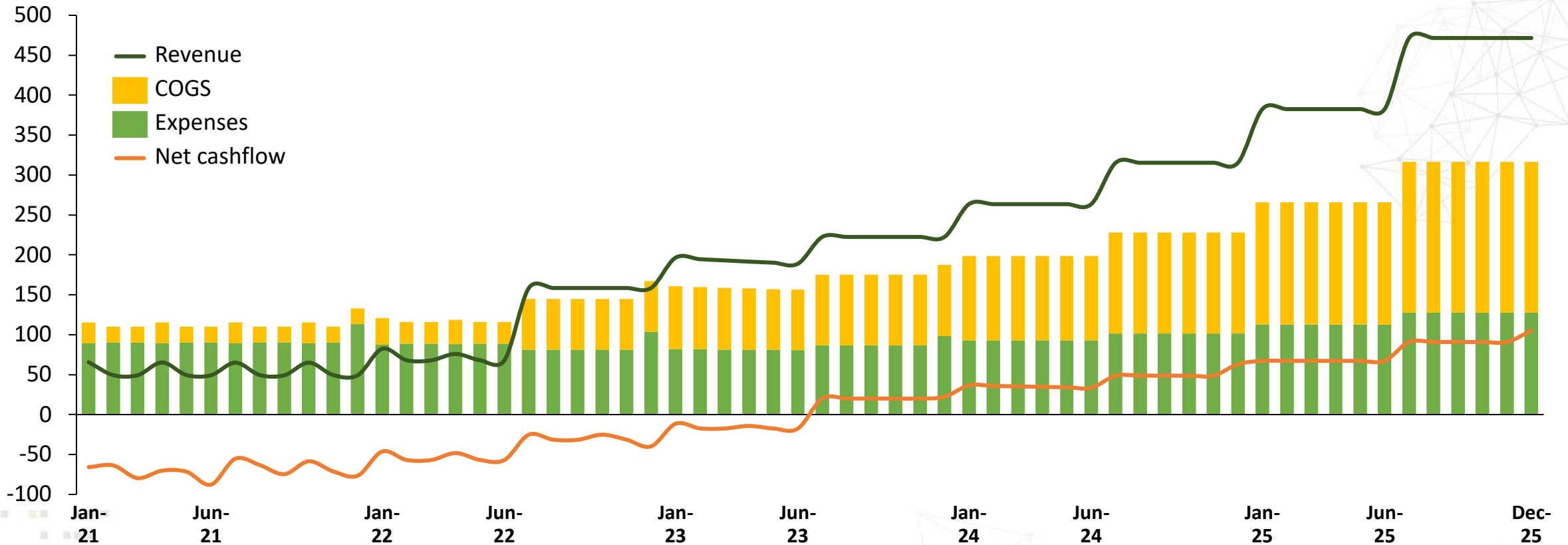- — Ending cash balance
- — Net cashflow

- 1.46M

- Cash bottoms out at USD 1.46 million in June 2023
- Positive net cash flow in July 2023

[1] Currency figures have been converted to USD at exchange rate of MXN $21.72/USD

21

# Financial Projection

Monthly Financials

Thousands USD[1]

- Revenues to cover cost base starting July 2022
- Positive net cash flow in July 2023

[1] Currency figures have been converted to USD at exchange rate of MXN $21.72/USD

Capital needs and use of funds

What we are looking for

- Issue a convertible security through a Simple Agreement for Future Equity (SAFE) to fund company for the next 18 months, but willing to discuss alternative options.

- Position our company for a stronger future: a solidified business model and product, aggressive business development in a larger addressable market, offer value-based enterprise energy efficiency services from Mexico to the whole region

Ask

USD 1.5M

- Product 30%
- Go-to-Market 25%
- Talent & Ops 45%
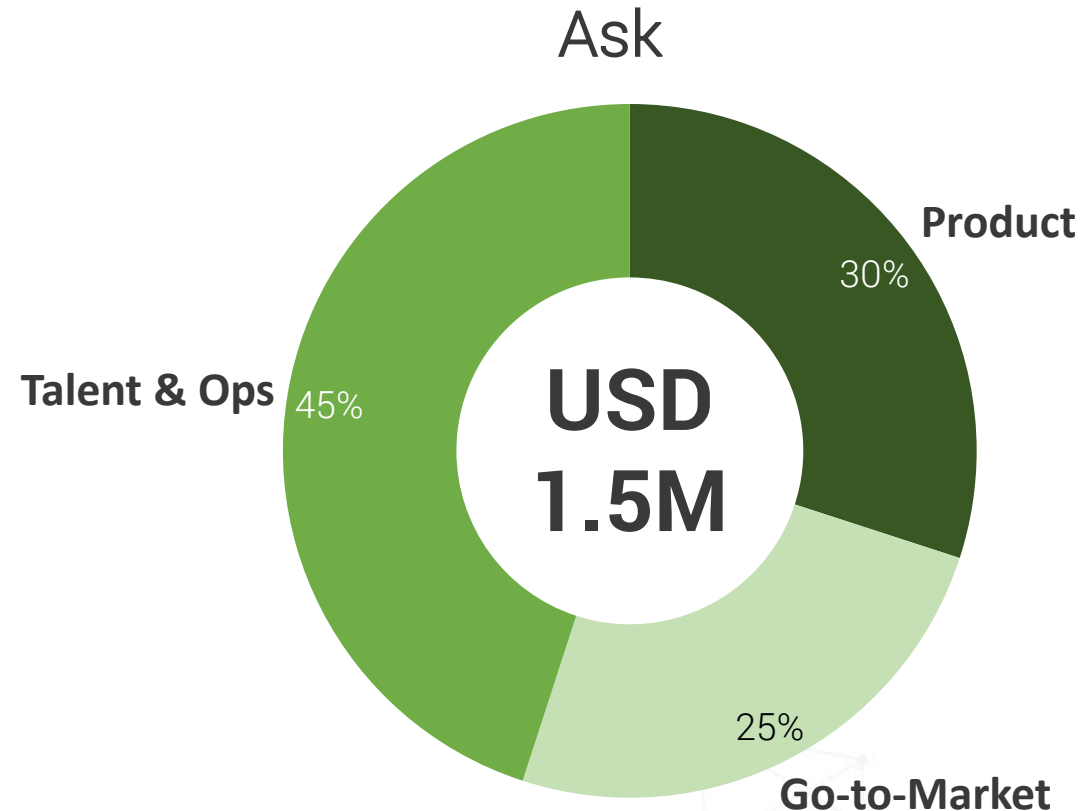
Use of funds

- Productize our current solution to offer modules segmented according to client needs

- Enhance commercial efforts by funding pilots, expanding marketing and developing a salesforce

- Ensure operational continuity and talent development

SAFE security prospect

- **Simple Agreement for Future Equity** with a Post-Money Valuation Cap and No Discount ([Download detailed structure here](#))

- Targeting a USD 1.5 million raise and a 10% ownership sold

- Post-money Valuation Cap: USD 15 million

- No maturity date, no interest

- Any size of Equity Financing will trigger the SAFE to convert into equity following the conditions provided in the structure above

- A pro rata right option is open for negotiation and could be granted in the case of a single investor ([Download standard Pro Rata Side Letter here](#))

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Luis Carmona
COO
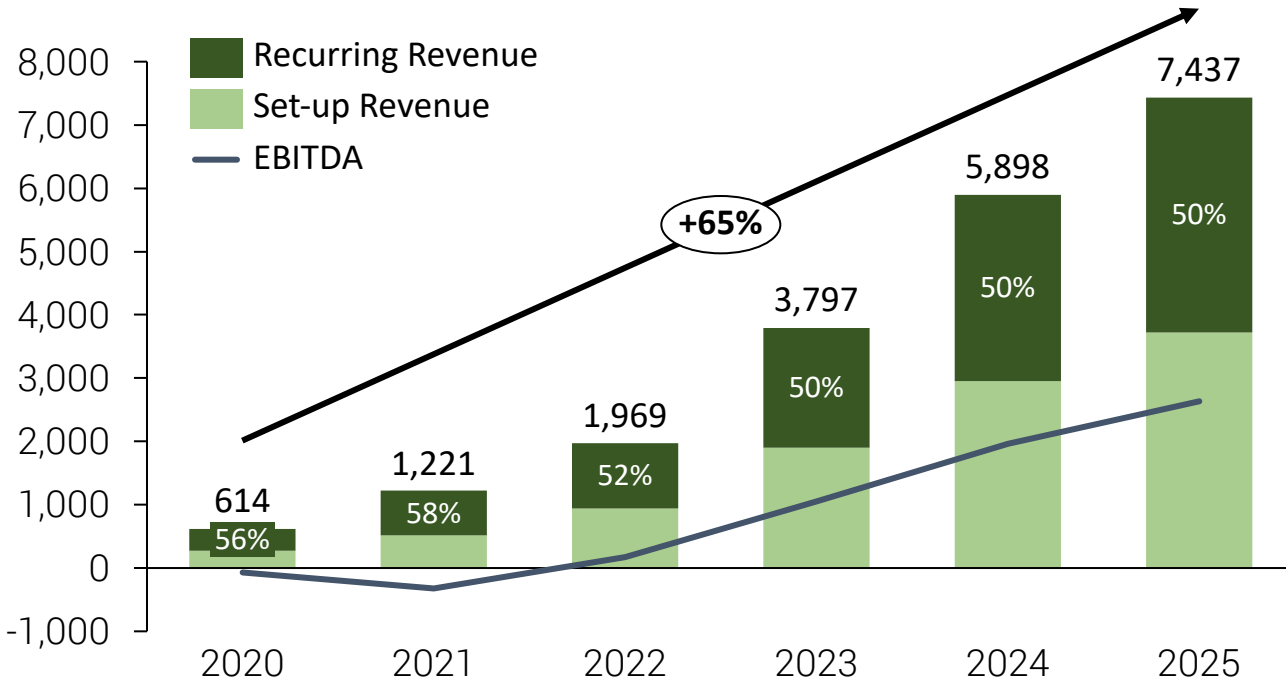luis.carmona@s2g.energy

Unleash your energy advantage

Darwin 32, 7th Floor, Colonia Anzures, Miguel Hidalgo, CDMX 11590, México.

Appendix

Financial Projections

	Fundraising Scenario Slides 21 -24	Upside Scenario Slides 28 - 29
Cumulative EBITDA	USD 2M	USD 5.4M
Avg. EBITDA Margin	15%	26%
EBITDA Margin on 2025	32%	35%
Cashflow positive on	July 2023	July 2022

Upside scenario projection

Revenue vs. EBITDA

Thousands USD[1]

- Recurring Revenue
- Set-up Revenue
- EBITDA

+65%

2020	2021	2022	2023	2024	2025
614	1,221	1,969	3,797	5,898	7,437
56%	58%	52%	50%	50%	50%
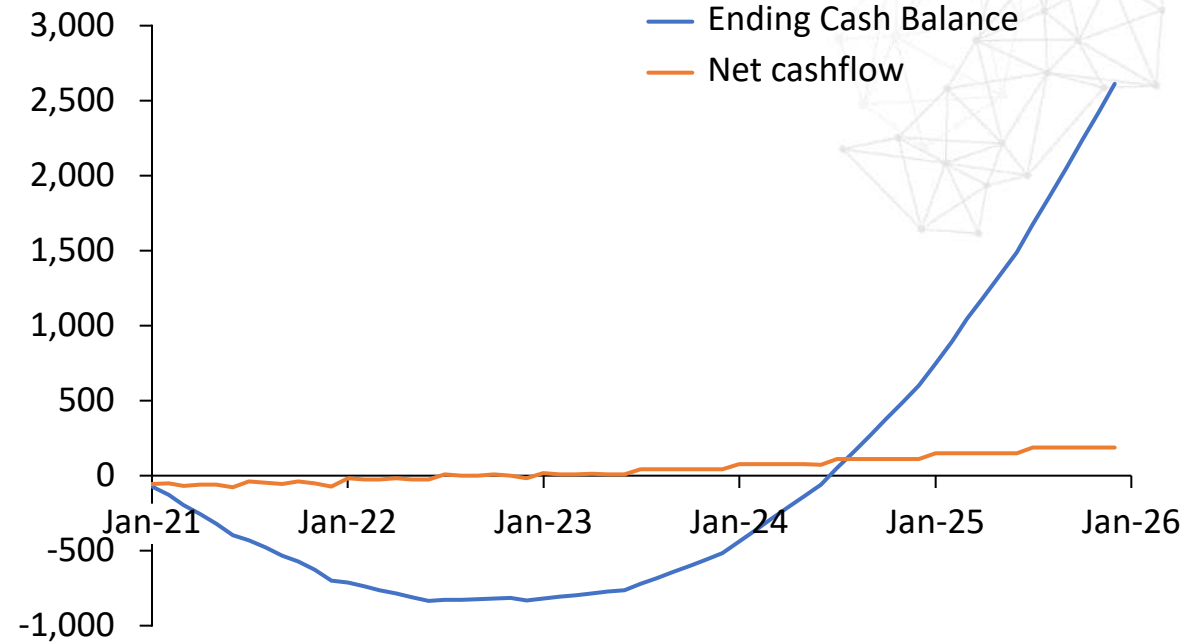
Cumulative 2021 - 2025		2025
EBITDA	Avg. EBITDA Margin	EBITDA Margin
USD 5.4M	26%	35%

Cash Flow vs. Cash Need

Thousands USD[1]
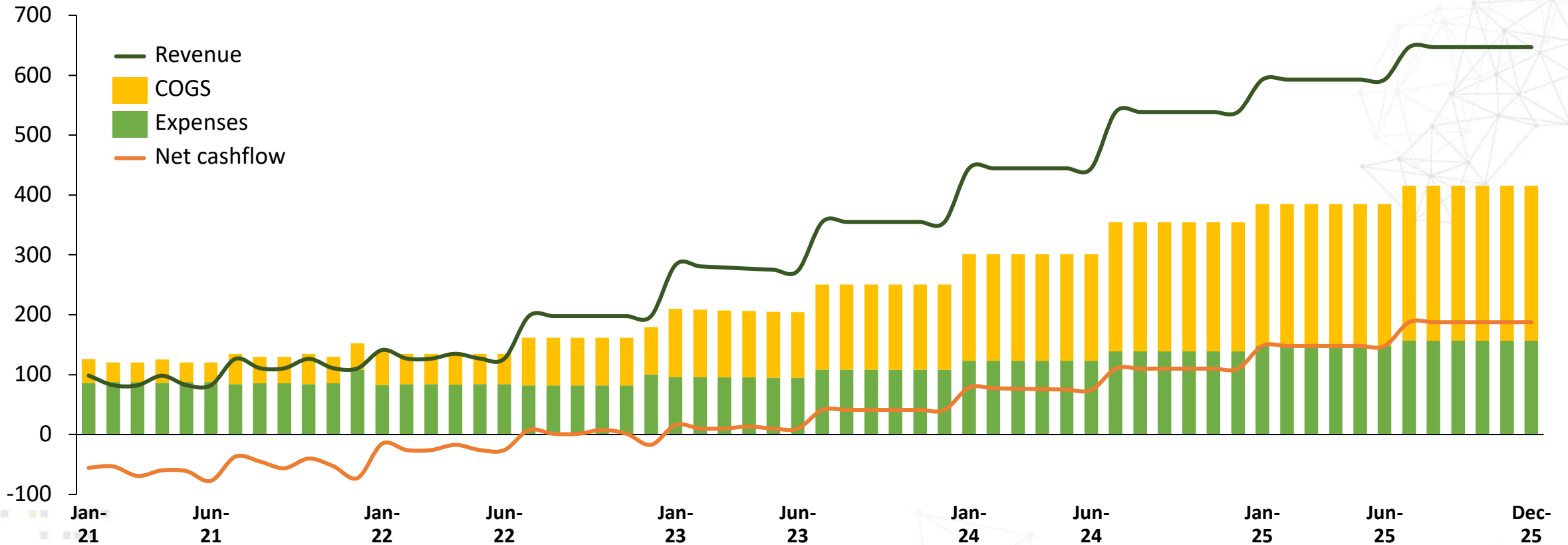

- Ending Cash Balance
- Net cashflow

- Cash bottoms out at USD 835 thousand in June 2022
- Positive net cash flow in July 2022

[1] Currency figures have been converted to USD at exchange rate of MXN $21.72/USD

Upside scenario projection

Monthly Financials

Thousands USD[1]

Legend:
- Revenue
- COGS
- Expenses
- Net cashflow

- Revenues to cover cost base starting January 2022
- Positive net cash flow in July 2022

[1] Currency figures have been converted to USD at exchange rate of MXN $21.72/USD

Case study: Bottling

Boosting overall energy performance [lts/kWh] for a large bottling co.

How we helped

- +150 Panoramic Power sensors were installed for monitoring 1 site producing 2.5m lts/day.

- Correlating production lines data (energy and bottling temp.) with services data (ammonia and air compressors), behavioural opportunities were identified.

- Empowering people and teams to make day-to-day decisions anticipating energy cost and usage implications that improve the lts/kWh KPI.

The benefits

- Through the adoption of the EMaaS Program, bottling co. has achieved considerable savings by improving overall energy performance by 6.7%

- Operations optimization by influencing ways of operation in and across Production, Planning, Quality and Maintenance teams

- Overall reduction in its environmental impact.
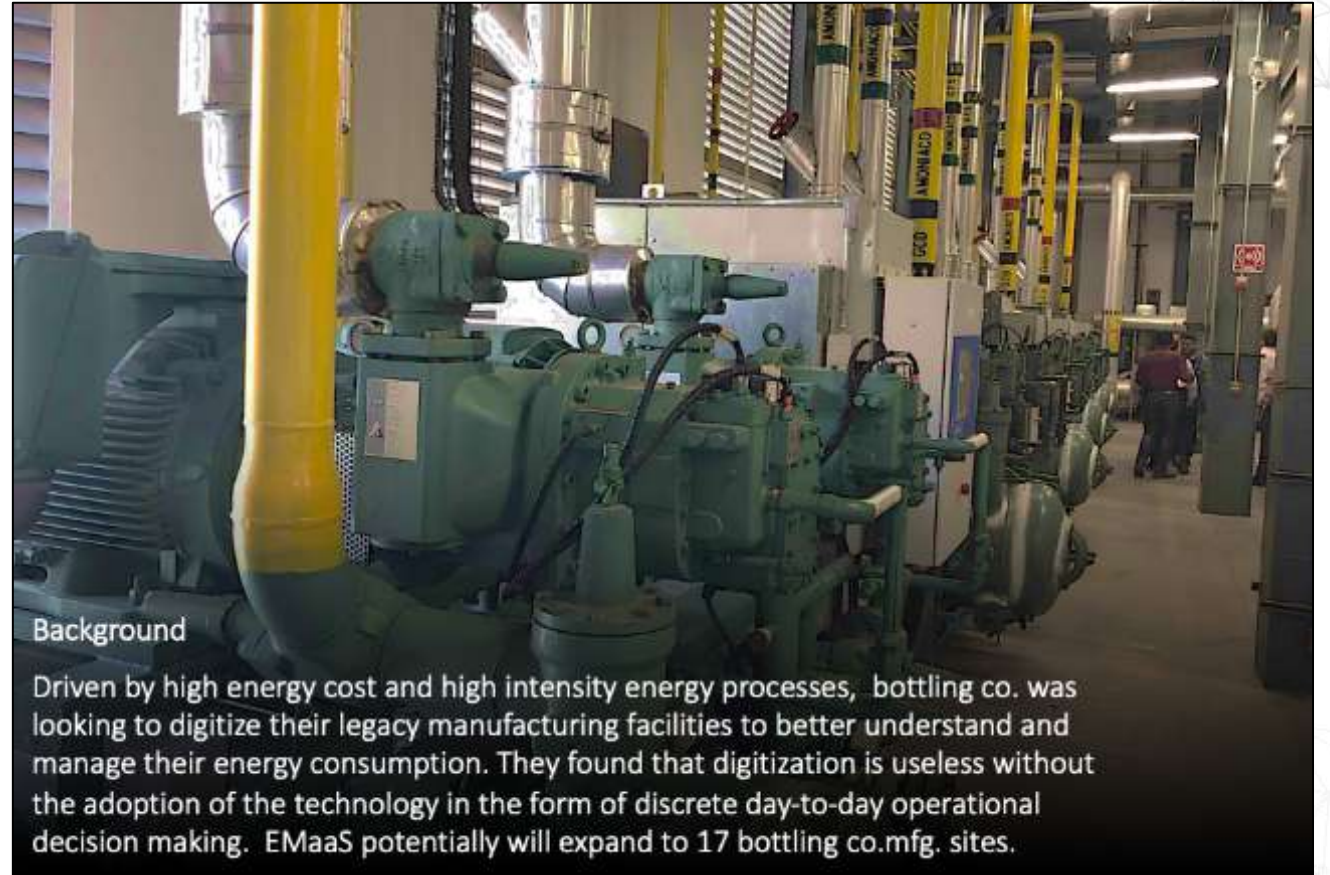
6.7%
Improvement in energy performance

-3%
kWh accrued efficiencies vs. baseline

-6%
kWh potential through behavioural driven efficiencies

Background

Driven by high energy cost and high intensity energy processes, bottling co. was looking to digitize their legacy manufacturing facilities to better understand and manage their energy consumption. They found that digitization is useless without the adoption of the technology in the form of discrete day-to-day operational decision making. EMaaS potentially will expand to 17 bottling co.mfg. sites.
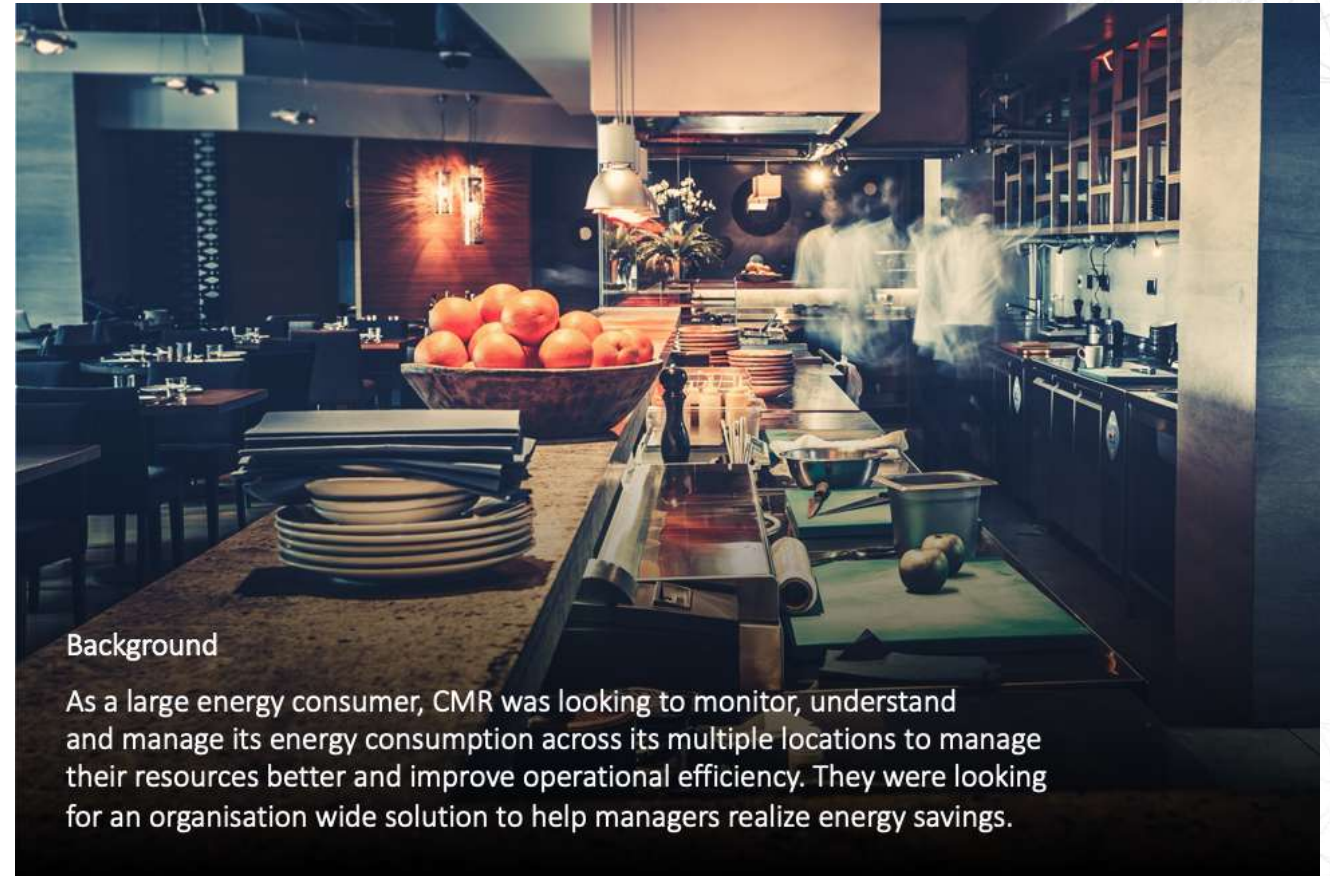
Case study: Hospitality

Realizing savings for a nationwide Mexican hospitality chain

How we helped

- Over 2,000 Panoramic Power sensors were installed for monitoring 76 locations

- Using data from individual devices, the team generated actionable insights

- More than 4,100 hours of training, and saving strategies, EMaaS generated a transfer of knowledge to help CMR control their energy and generate savings

The benefits

- Through the adoption of the EMaaS Program and energy digitalization, CMR has achieved considerable savings of 6.36 GWh

- Operations optimization and an overall reduction in its environmental impact

- Net savings of $3.2M MXN were achieved on the first year, generating a ROI of 167%

24%
Reduction in energy consumption in 2 years

176%
Net ROI in 2 years

MXN $21M
Cost avoidance in 2 years

Background

As a large energy consumer, CMR was looking to monitor, understand and manage its energy consumption across its multiple locations to manage their resources better and improve operational efficiency. They were looking for an organisation wide solution to help managers realize energy savings.

Performing Digital Transformation of a large Agro-Industrial Corporation

How we helped

- More than 1,200 Panoramic Power sensors were installed for monitoring 6 factories with 1.3GW total managed load

- Correlation of energy consumption of heavy machinery, refrigeration and other equipment with production volume, schedule and availability of raw materials

- Operations optimization through combination of efforts of production and maintenance areas

The benefits

- Improvement of operational efficiency and predictive maintenance

- Achievement of energy cost avoidance by reduction of energy consumption

- Peak demand reduction via avoidance of high-intensity equipment usage at peak hours

- 8% less consumption per unit produced with the improved a tracking of KPIs (unit/kWh)

MXN $16.5M
Yearly cost avoidance by energy efficiency efforts*

6%
Yearly cost avoidance by energy efficiency efforts*

8%
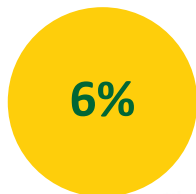Less consumption of kWh per unit produced compared to case base*
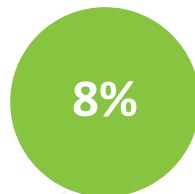
Background

One of the most important agro-industrial groups in Mexico, with 30 years of experience on the domestic market, operations in 7 different Mexican states and wide presence on international market. As agricultural industry is very energy intensive, their main priorities were to control energy consumption and carbon footprint, optimize the processes at the plants and reduce the production costs.

*This results are from 6 factories, in which only 1 has one year with EMaaS and the others have approximately 4 to 6 months with EMaaS.

Case study: Retail banking

Digitizing energy in retail bank branches to capture savings

How we helped

- 60 Energy Sensors installed in 4 branches in two different cities

- Digital and real time visualization of energy consumption in order to make smarter decisions.

- Intelligent thermostats for obtaining temperature data and establishing heating and cooling set-points.

- Creation of baselines for energy consumption comparison.

- **Consumption prediction capabilities leveraging proprietary algorithms**

The benefits

- Unbiased optimization of branch temperature prioritizing customers' comfort

- Energy consumption reduction through active monitoring and dynamic control of HVAC operations

- Enablement of smart tools such a Bots to empower decision making from branch manager or maintenance personnel allowing real time decision making

- Remote equipment failure detection and prediction optimizing operational maintenance planning

Background

A large financial institution with over 1,000 retail branches wants to lower costs at its branches operations and enhance its sustainability efforts beyond procuring energy from renewables utilities operators. A proof of concept has been put in place to digitize energy consumption, monitoring and optimizing lighting and HVAC usage as well as data servers' operations. A business case has been established to escalate EMaaS.

4

Sites

30%

Energy avoidance in suboptimal HVAC operations

MXN $124k

Yearly cost avoidance per site

33

Case study: Spirits

Tequila production grinds Digital Energy

How we helped

- Over 75 Panoramic Power Sensors (a Centrica Company) deployed in strategic locations within production process

- Benchmarking of equivalent equipment within grinding process to adjust the tension of belts for optimal crushing

- Dynamic reports created to empower people across to make decisions and take actions targeted to optimize their energy consumption

The benefits

- Energy savings were achieved through the adoption of optimal production schedules

- Predictive maintenance measures were adopted based on insights generated through the digitalization of critical equipment

- Real time Power Factor monitoring helped in selecting an adequate capacitor bank, reducing economic penalties

6%
Energy avoidance in grinding process

MXN $516K
Yearly cost avoidance by power factor correction

MXN $302K
Yearly savings by optimizing peak charges

Background

This tequila producer is engaged in reducing their overall environmental impact. In their actions to reach their sustainability objectives, they found digitalization as a way to reduce energy waste and to empower people with real-time information for decision making in order to improve their operations.

Case study: Concrete production

Digitization to balance total logistic costs

How we helped

- Unified data from different sites, both electrical and production in a gamified platform

- Operations optimization avoiding unnecessary consumption in the transportation belt processes

- Correlation from internal and external variables for daily energy forecasting

- Understand total logistic cost of dispatching concrete to customers including energy intensity

The benefits

- KPI´s standardization within regions and plants

- Optimal production range identification based on the daily energy performance indicator

- Predictive maintenance in order to avoid unprogrammed plant shutdowns, by providing information of current and voltage unbalances
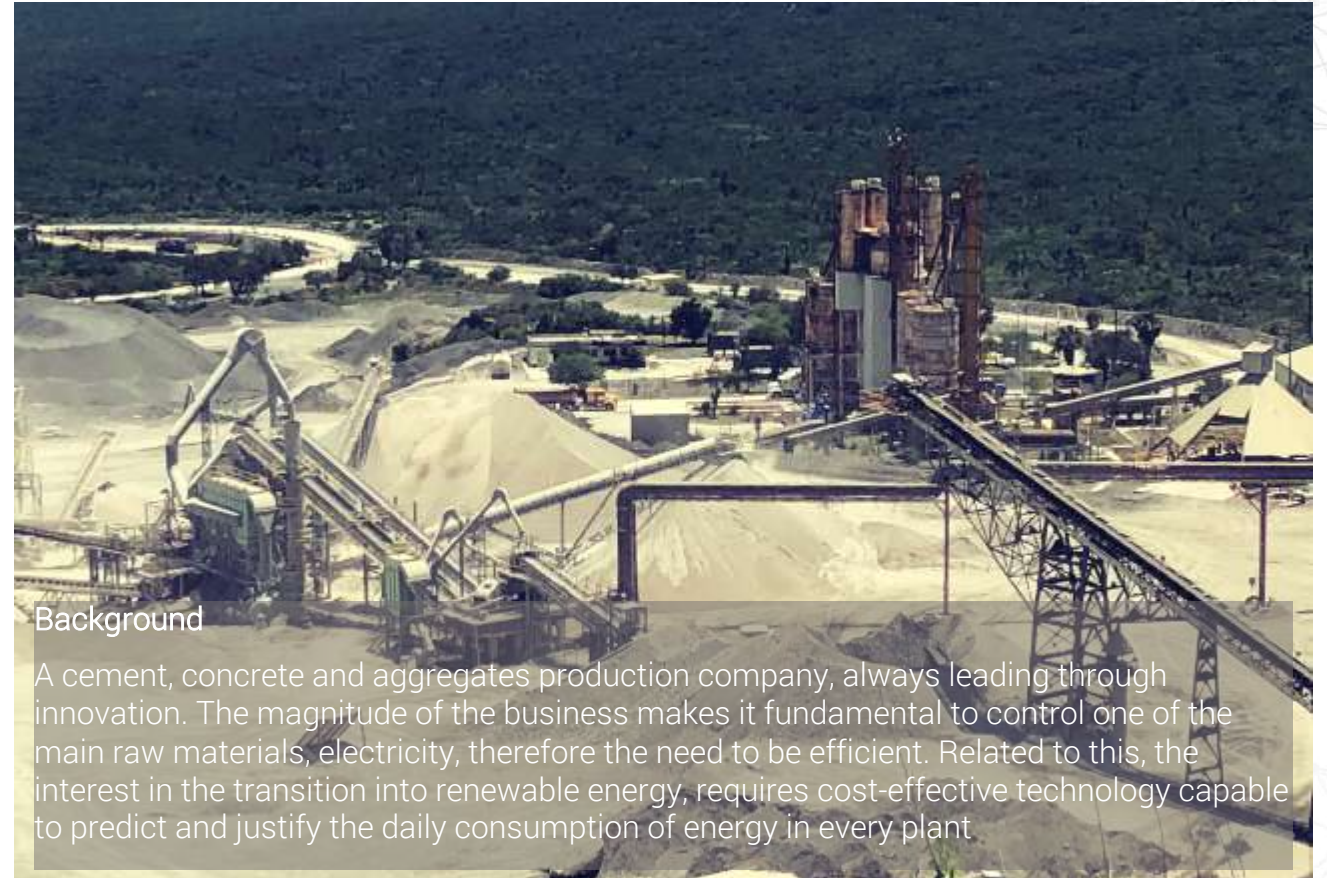
Background

A cement, concrete and aggregates production company, always leading through innovation. The magnitude of the business makes it fundamental to control one of the main raw materials, electricity, therefore the need to be efficient. Related to this, the interest in the transition into renewable energy, requires cost-effective technology capable to predict and justify the daily consumption of energy in every plant

45%
Energy usage optimization
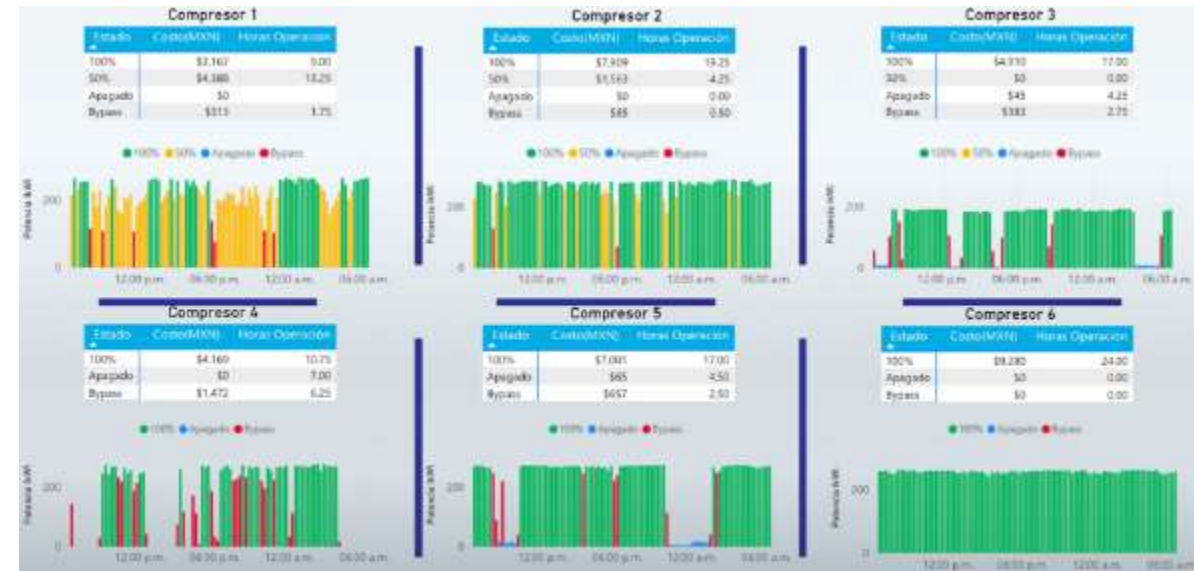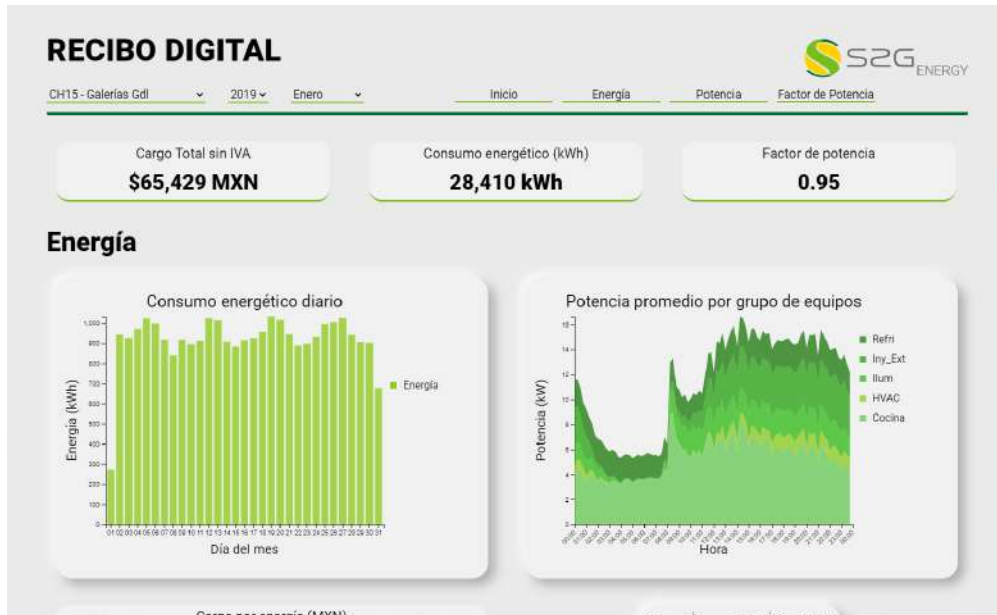
+10%
Voltage unbalance identified on main connections

8%
Energy cost avoidance

Demo: Visualization and tools
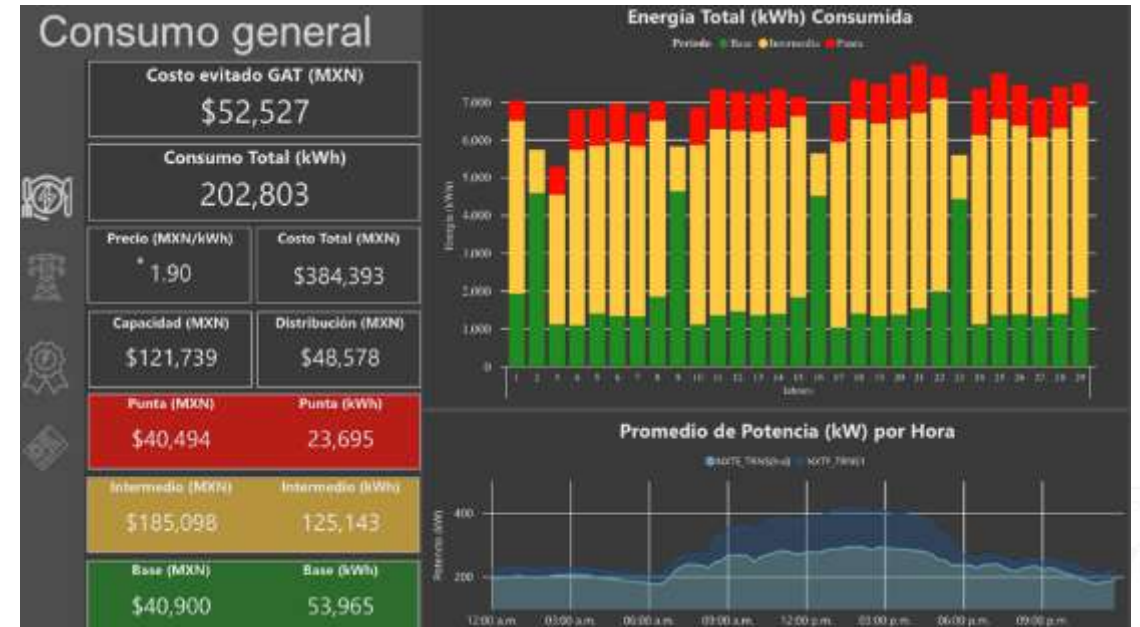
Energy analytics

Compressors benchmarking
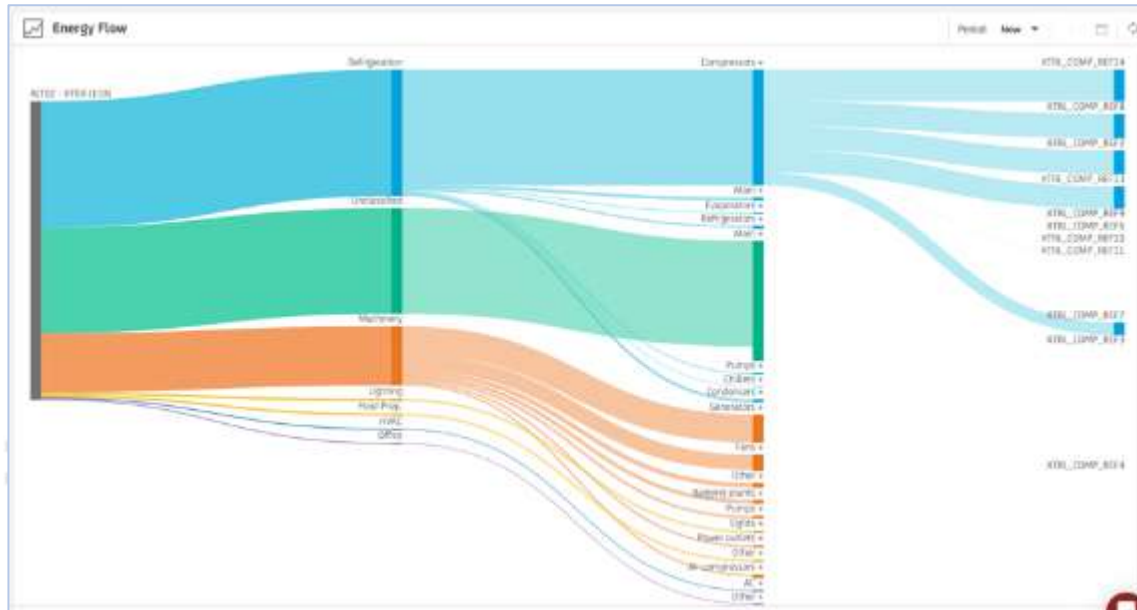
Demo: Visualization and tools

Anomaly detection

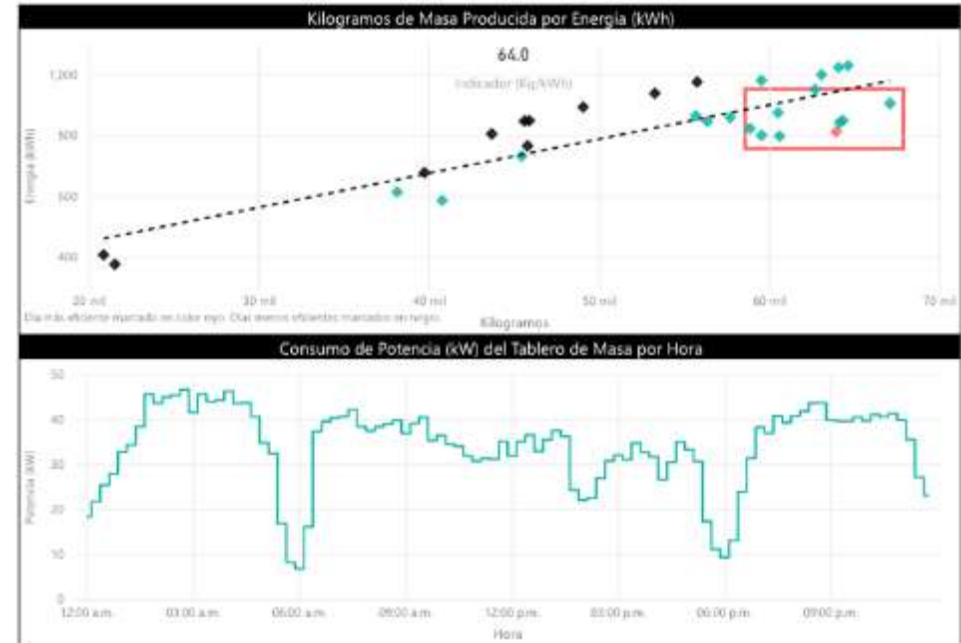*Real-time digital utility bill*

Demo: Visualization and tools

Real time total energy flow

Energy intensity dynamic linear regression

Demo: Visualization and tools

S2G Energy bot®

Demo: Visualization and tools

Water and gas management

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S2g-energy