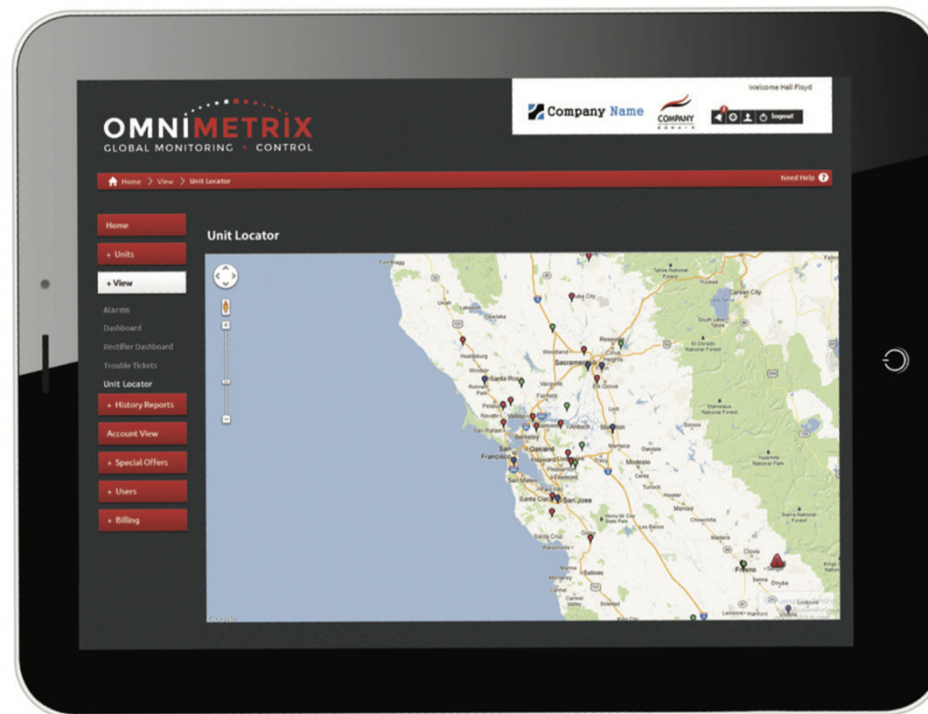




Acorn Energy, Inc. - OTCQB: ACFN

High Margin, Recurring Revenue + Growth in Remote

Monitoring & Control of Pipelines, Generators & Other Key Assets



September 2018

www.acornenergy.com



Safe Harbor Statement

This presentation includes forward-looking statements, which are subject to risks and uncertainties. There is no assurance that the Company will be successful in growing its businesses; in reaching profitability; growing through acquisition; or in maximizing the value of OmniMetrix or any other of its assets. The Company has a history of operating losses and there is no assurance that it can attain and maintain profitability. This presentation includes projections regarding expected performance by OmniMetrix and the Company generally which are based on management's good faith estimates as to future performance and should not be taken as a guarantee of such performance. A complete discussion of the risks and uncertainties which may affect Acorn Energy and the businesses of its OmniMetrix subsidiary is included in "Item 1A. Risk Factors" in the Company's most recent Annual Report on Form 10-K as filed by the Company with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation includes both GAAP and Non-GAAP financial and performance measures. The Company uses Cash Sales (or Cash Basis Sales) as a measure of current sales activity; it is calculated by adding the net increase in deferred revenue to the GAAP Revenues. The Company uses Net Cash as a measure of liquidity; it is calculated by subtracting Debt which is currently reflected in the GAAP measure Short-term credit, Due to DSIT and Due to Acorn directors from cash and cash equivalents. The Company uses Enterprise Value as a measure of the value of the Company's business; it is calculated as the total market capitalization of the Company (common stock trading price multiplied by the shares outstanding less Net Cash). The Company uses EBITDA as a measure of performance; it is calculated as Net Loss plus Interest, Taxes, Depreciation and Amortization.

The non-GAAP financial measure used herein should be evaluated in conjunction with, and are not a substitute for, the GAAP financial information included in the financial statements filed by the Company with the Securities and Exchange Commission.



Focus on IOT Growth Post Turnaround

- Acorn is Focused on Remote Monitoring & Control via its subsidiary:



- OmniMetrix combines high margin, recurring monitoring service revenue with monitoring hardware sales
- Focus on standby generators and gas pipelines
- Differentiated technology/service supports ~20% organic growth
- Acorn owns 80% of OmniMetrix



Acorn Valuation

OTCQB

Recent Price

52-Week Range

Market Cap

Enterprise Value

Cash & Equivalents

2018E Cash Basis Sales

EV / 2018E Cash Basis Sales

Shares Outstanding

Insider Ownership

ACFN

\$0.28

\$0.15 - \$0.45

\$8.3M

\$7.1M

\$1.8M

~\$6.0M

~1.2x

29.6M

12%

* 2017 cash-basis sales were \$5.1M
(including \$4.4M in revenue + \$0.7M deferred revenue)

Wireless, real-time remote monitoring and control of industrial equipment



Pipeline Corrosion Protection



Rectifier & Test Station Monitors

- * Monitoring extends pipeline lifetime
- * Instant alarm notification via email or text messaging
- * Eliminates manual data collection
- * Leverages cellular/satellite coverage

Standby Generator Monitoring Commercial / Residential



OmniView

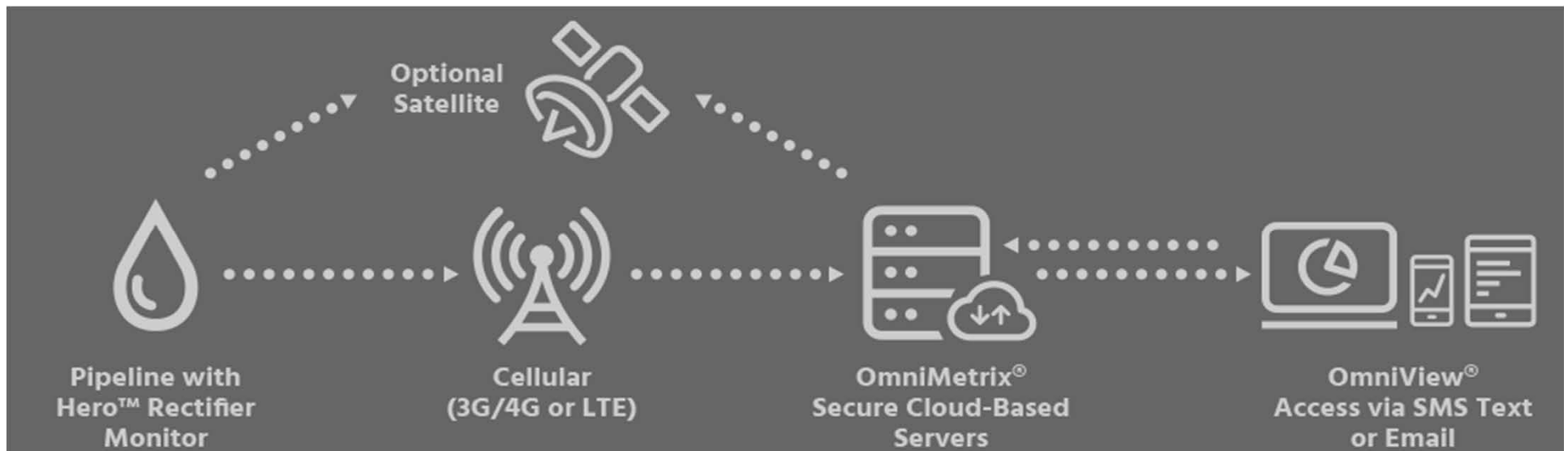
- * Eliminates manual inspection
- * Prevents fail to start events
- * Check generator status from any place at any time
- * Secure, Web-based management

Remote Monitoring Value-Add

- Cheaper, more effective than labor-intensive physical monitoring
- Improves maintenance results and reduces downtime
- Generator Monitoring Prevents 95% of “fail to start” events
 - ✓ **Battery - Voltage - Fuel - Coolant - Oil**

Pipeline Illustration

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Customers / Markets Served

23 Fortune 500 companies across:

- oil & gas, utility, grocery, retail,
- aerospace & defense,
- industrial, healthcare,
- insurance, automotive,
- telecommunications, financial institutions,
- hospitality, chemicals



Other Clients:

- 100+ banks
- Transportation
- Real estate
- Federal, state, local government - US & Canada
 - Military
 - 20+ police departments
 - 15+ fire departments



FEMA

Growth Drivers

Management targets ~20% organic cash sales growth in 2018

- **Clear ROI from lower costs and improved asset monitoring & control**
- **Growing appreciation of IoT benefits/investments**
- **Regulatory compliance and reporting:**
 - US EPA, Air Quality Management Districts, National Fire Protection Assoc. & Calif. EPA Air Resources Board
 - Reporting: Maintenance, Location, Fuel Status & Usage & Emissions
- **Delayed infrastructure investments increase monitoring need**
 - Approx. 2.5m miles of U.S. pipeline; ~50% is over 50 years old
 - Small % of these assets are being remotely monitored
- **Expanding awareness/customer base**
- **Technology & service enhancements**
- **Pursuing synergistic M&A opportunities** to accelerate growth



California Environmental Protection Agency
Air Resources Board

Next-Generation TrueGuard 2 Solution Introduced in 2017

- Residential monitoring hardware for backup generators
- Enhanced, lower cost design with smaller footprint
- Added features & data collection
- Provides significantly higher gross margin
- Initial benefit seen in 1H'18 - total hardware gross margins improved to 35% from 27% in 1H'17



Competitive Barriers

- **Strong Patent Portfolio:**
 - ✓ #8763107: Cross-connected, server-based, IP-connected, point-to-point connectivity
 - ✓ #8078861: Remote processor reprogramming
 - ✓ #6747368: Wireless control of power transfer switches for electrical load management
 - ✓ #6571093: Methods for providing extended wireless data transport services
 - ✓ #8224499: Remote annunciator
- **20+ Years of Industry Expertise:**
 - ✓ engineering, software development, trade secrets, etc.
- **Next-Generation Solutions:**
 - ✓ **Ongoing R&D** to enhance solutions, expand capabilities and target new markets
 - ✓ **Fiber Optic Pipeline Monitoring** - Right of first negotiation to serve as exclusive U.S. distributor for fiber optic pipeline monitoring technology. Algorithms convert “listening” into high-value intelligence. Enable “hearing” a leak or third party intervention
 - ✓ **Also seek complementary technologies or products via M&A**



Balance Sheet Summary June 30, 2018

Cash & Equivalents	\$1.8M
Accounts Receivable	\$0.8M
Total Current Assets	\$3.9M
Total Assets	\$4.5M

Total Current Liabilities excluding \$2.8M in current deferred revenue	\$1.4M
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Total Liabilities excluding \$2.8M & \$1.0M in current and non-current Deferred Revenue	\$1.6M
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Off Balance Sheet:

Federal Net Operating Loss Carryforwards	\$60M+
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Current and non-current deferred revenue represent hardware sales and monitoring services to be recorded as revenue over the next 36 months and 12 months, respectively. Prior to January 1, 2018, hardware sales were amortized to revenue over a 24-month period.



Acorn Financial Turnaround

	June 2018	Dec. 2015	Improvement
Debt	\$ 0.5M	\$4.0M	+\$3.5M
Cash & Equivalents	\$1.8M	\$0.2M	+\$1.6M
LTM Revenue (OmniMetrix)	\$4.7M	\$3.0M	+55%
LTM EBITDA*	(\$1.9M)	(\$8.6M)	+\$6.7M
LTM Net Loss	(\$2.9M)	(\$10.8M)	+\$7.9M

* EBITDA = Earnings before interest, taxes depreciation and amortization



Corporate Cost Reductions

Acorn management reduced overhead expense by \$2.5 million or 70% over two years to \$1.1M in 2017 from \$3.6M in 2015.

	Annual Savings
Legal & Professional Fees	\$1,260k
Non-cash stock comp	\$560k
Reduced Salaries / Personnel	\$226k
Auditing; Directors; & IR Fees	\$222k
Reduced Travel & Other G&A	\$176k
Office Consolidation	\$74k
Total Overhead Reductions	~\$2,500k



Leadership



Jan Loeb – Acorn CEO and Director: 30+ years experience in investment banking, money management and public company management. He is President and Managing Member of Leap Tide Capital Management since 2007 and was President of Leap Tide's predecessor, AmTrust Capital Management 2005 to 2007. Prior, he was a Portfolio Manager at Chesapeake Partners; Managing Director at Jefferies & Company, and Managing Director and Research Analyst at Wasserstein Perella. Jan is a Director of Keweenaw Land Association, Ltd. and a former Director of TAT Technologies and American Pacific Corporation.



Walter Czarnecki – OmniMetrix President & CEO: 15+ years experience in building high-growth technology and energy companies. Previously Director of Corporate Strategy at Ener1, Inc. and prior to that led the energy technology team for China Renaissance Group. Walter began his career as an investment banker at Lehman Brothers. He earned a bachelors degree at Bucknell University, an MBA in Finance from the Wharton School and was named to Wharton's 40 Under 40 list in 2015.



Tracy Clifford – CFO: Tracy Clifford was named Chief Financial Officer of Acorn in June 2018. Tracy previously served as CFO, Principal Accounting Officer, Corporate Controller and Secretary for a publicly-traded pharmaceutical company and a publicly-traded REIT from 1999 to 2015. Through her consulting practice launched in June 2015, Tracy served as a contract CFO and/or COO for several clients, participated on advisory boards and worked on numerous engagements. Prior experience included accounting leadership positions at United Healthcare (Atlanta) and the North Broward Hospital District (Fort Lauderdale) and work on the audit team of Deloitte & Touche (Miami).



Valuation Considerations

For illustration purposes only; should NOT be relied upon for investment decisions.

OmniMetrix:

- Cash-basis sales are expected to grow to \$6m in 2018 and over \$7m in 2019.
- In 2015 Lindsay bought Elecsys (a larger OmniMetrix comp) for \$70m or 2.5x sales
- Today "IoT" multiples can range from 3-6x sales or more; 2.5x - 4x 2019 cash sales implies OmniMetrix valuation potential of \$17.5m to \$28m.
- Acorn owns 80% of OmniMetrix (excluding ~\$3.5m interco. debt due Acorn). **\$14m - \$22m**

Net Cash:

- Acorn had cash of \$1.8m at 6/30/18 and \$1.3m net of all debt. **\$1m**

NOL:

- Acorn has over \$60m of tax loss carryforwards which could generate up to \$12.6m in future tax savings at the current Federal rate of 21%. Discounting this by 30% for time value and risk leaves a maximum present value of ~\$9m. **\$0 - \$9m**

Potential Value Range based on these estimates: \$15m - \$32m

Per Share Potential Value Range based on these estimates: \$0.51 - \$1.08

**Potential Value Range represents premium of 80% – 280%
over Acorn's recent market cap of ~\$8M or \$0.28 per share**



Investment Summary

- **ACFN trades for 1.2x 2018E Cash Sales vs. IOT comps of 2-4x & higher**
- **Growing, high margin recurring business with large market opportunity**
- **Technology, product & service Differentiation**
- **Large customer base including 23 Fortune 500 companies**
- **Cash flow breakeven targeted by 2019**
- **\$1.8M in cash provides execution runway**
- **\$60m NOL could generate up to \$12.6m in future tax savings**
- **Disciplined management with strong track record & 12% ownership;**
committed to value creation via growth & M&A

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Turnaround Recap

New Leadership - CEO Jan Loeb – Appointed Early 2016

- Addressed urgent balance sheet / cash flow challenges; pursued ACFN turnaround with goal of creating viable operating company with realistic prospects for growth & profitability.

Turnaround Initiatives

- Partnered DSIT sub. w/ major defense co., selling nearly half of stake for gross proceeds of \$4.9M, which provided working capital and repaid debt
- Closed GridSense subsidiary to end cash drain; Liquidated assets for proceeds of \$1M
 - GridSense accounted for over 40% of Acorn's operating losses in 2015 & 2014
- Initiated cost cuts / personnel changes, reducing overhead by \$2.5M per year
- Secured \$1.9M in director loan commitments in 2017 to provide bridge funding
- Sold remaining DSIT stake in Feb. 2018 for gross proceeds of \$5.8M; paid expenses & debt, leaving \$1.8M in cash for operations/growth
 - Acorn to receive \$0.5M if DSIT secures fiber optic pipeline monitoring contract
 - Secured Right of first negotiation to become U.S. distributor of DSIT fiber optic tech

Growth & Value Creation Initiatives

- Now focused on OmniMetrix business with its high margin, recurring revenue model and organic growth potential of near 20% per year
 - Implemented product design and sales & marketing enhancements
- Pursuing tuck-in and “transformational” M&A opportunities to complement existing business
- Seeking to leverage ~\$60M in Tax Loss Carryforwards with acquisition/growth