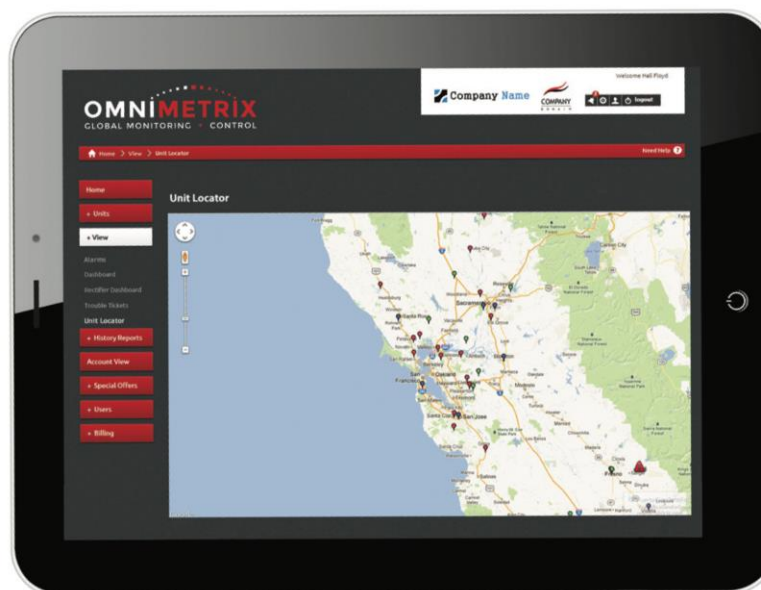


# Acorn Energy, Inc. - OTCQB: ACFN

***Growing, Recurring Revenues with High Margins from Remote Monitoring & Control of Power Generators, Pipelines & Compressors***

***Enabling New Electricity “Demand Response” Networks to Support Peak Grid Power Requirements***



***June 2023***

***[www.acornenergy.com](http://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 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 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.

# Wireless Remote Monitoring & Control



- Acorn owns 99% of OmniMetrix which provides remote monitoring & control products & services for generators, gas pipelines, air compressors, etc.
- Recurring Internet of Things (IoT) monitoring revenue with high margins + hardware sales
- Targeting 20% growth rate in large underpenetrated markets
- Industry-leading “agnostic” technology & brand delivers substantial value/ROI to customers
- Remote monitoring & control delivers even greater value in inflationary environment as personnel and travel costs rise.
- Enabling ‘Demand Response’ electric Grid Relief from generators could double profitability on new monitoring contracts.

# At a Glance

## OTCQB

Recent Price

52-Week Range

Market Cap

- Cash (3/31/23)

**= Enterprise Value (EV)**

LTM Cash Basis Revenue

**2023E Cash Basis Revenue\***

**EV / 2023E Cash Basis Rev.**

**Industrial IoT M&A Valuations\*\***

Insider Ownership

## ACFN

\$ 0.31

\$ 0.25 - \$0.62

\$12.3M

\$ 1.3M

**\$11.0M**

\$ 7.6M

**~\$9.3M**

**~1.2x**

**3-5x Sales**

33% of 39.8M shares

\* 2023 goal represents 20% growth in cash basis revenue.

\*\* Industrial IoT M&A transactions (with less annual recurring revenue than ACFN) have occurred at 3-5x sales, while public comps (ADT, ALRM, BMI, DGII, GNRC, OSSIF, & ST) recently traded an average EV / LTM revenue multiple of 3.5x and a median multiple of 2.7x.

# Wireless, Real-Time Remote Monitoring and Control of Industrial Equipment

## Standby Generator & Compressor Monitoring



### Commercial/Industrial & Residential Monitors

- \* Replaces manual inspection
- \* Prevents fail to start events
- \* Generator status available anywhere 24/7
- \* Secure, web-based management
- \* Can remotely start generator
- \* Enables Grid Demand Response

## Pipeline Cathodic Protection



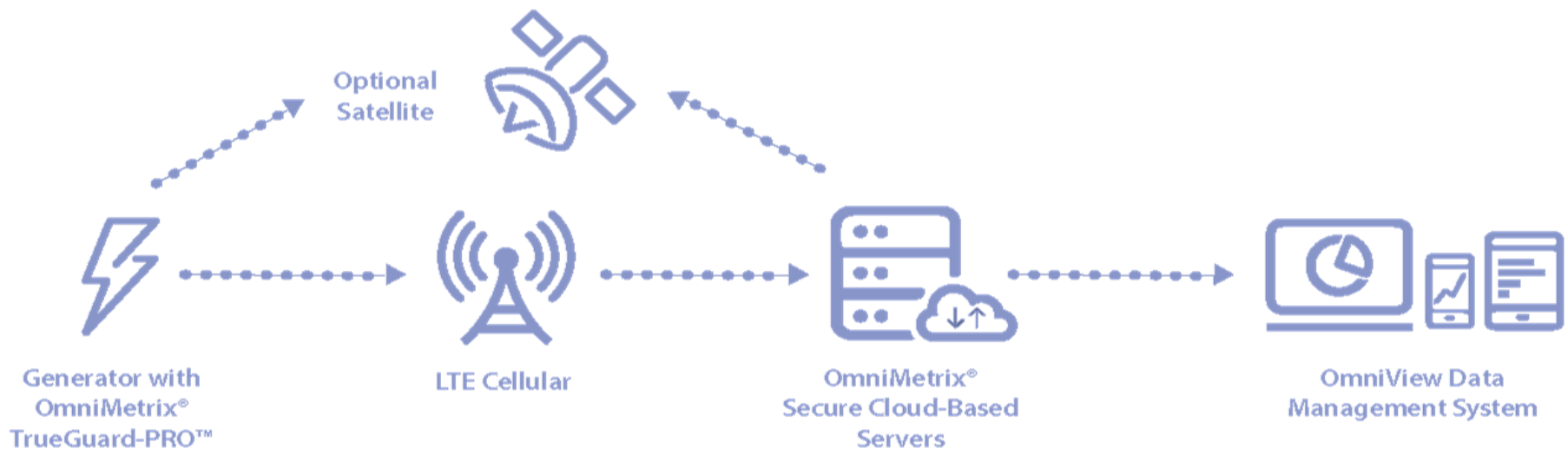
### Rectifier & Test Station Monitors

- \* 24/7 monitoring extends pipeline life
- \* Instant alarm notifications
- \* Eliminates remote manual data collection and inspection
- \* Leverages cellular/satellite coverage

# Remote Monitoring Value-Add

- Improves maintenance results and reduces critical asset downtime.
- Generator monitoring prevents 95% of “fail to start” events’ by tracking vitals, such as: **Battery - Voltage - Fuel - Coolant & Oil**
- Less expensive & more effective than the labor & travel of physical inspection – particularly with remote assets like pipelines.

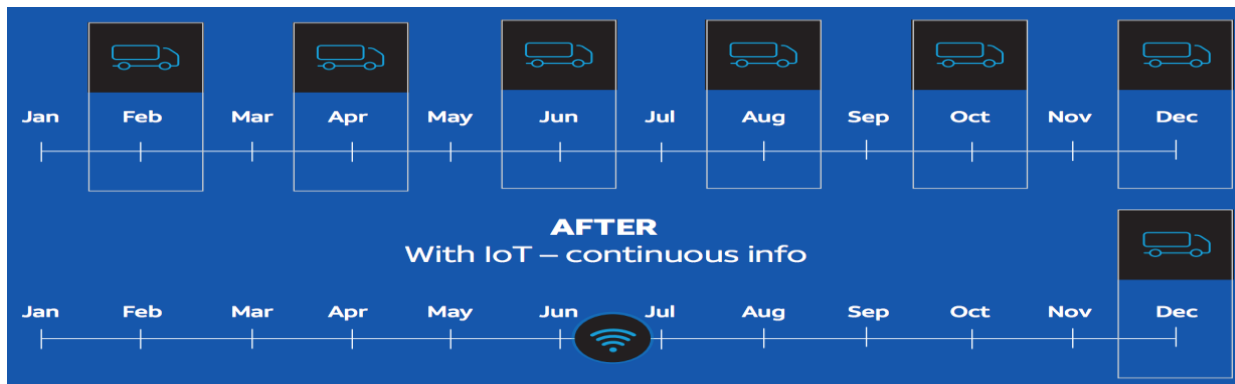
## Generator Monitoring Illustration



# Remote Monitoring is Clean & Green

## Sustainability Impact

- Reduces travel-related costs, time, and emissions.
  - Pipeline inspectors travel long distances every 2 months to visually inspect pipeline & equipment for damage & comply with regulations.
  - With IoT, operators receive continuous information with one annual physical inspection.



- Average on-site generator inspection costs \$250-\$400 and finds 10% of generators in need of service.
- Provides insights to fine tune operations, drive efficiency and safety.

# Markets / Customers Served

## 25 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 governments - US & Canada
  - Military
  - 20+ police departments
  - 15+ fire departments



**FEMA**



Piedmont  
Natural Gas



# Growth Drivers

**Management targets 20% average annual organic cash sales growth**

- **Clear ROI from lower costs and improved asset monitoring & control**
- **Growing awareness of IoT benefits/investments amidst rising costs**
  - With 4.2M generators and 10% in need of service, remote monitoring creates maintenance revenue for generator dealers
- **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. gas pipeline (>50%) are over 50 years old;
  - Small % of these assets are monitored remotely
- **Expanding customer & partner base**
- **Product, technology & service enhancements**
- **Electric Grid Demand Response** (turning on generators to meet peak power)
- **New market opportunities** (e.g. monitoring other industrial assets)



California Environmental Protection Agency  
**Air Resources Board**

# Stand-by Generator Market Opportunity

- ~4.2M generators in North America (growing by 300k+ per year);
- Climate change drives awareness and need:
  - 70% of power outages are caused by weather events
  - Stronger storms + higher frequency of floods, droughts, wildfires and other severe weather
  - Growth in remote work expands need for reliable power.
- California Wildfires and energy grid issues are awakening a new market opportunity estimated as much of 50% of total generator replacement market, or \$1B over 10 years\*
- OmniMetrix solutions are compatible with ALL generator brands
  - Dealers often prefer OmniMetrix due to features, quality, service, and ease of “one-stop” solution that protects their long-term service relationship.
  - Commercial & industrial businesses appreciate platform that supports all of their generator brands



# Demand Response Opportunity

- Partnership with CPower Energy Management enabling standby generator owners to provide electric grid relief via “**Demand Response**” (DR) programs.
  - CPower manages >6.3 GW of demand response capacity for more than 2,000 customers at 17,000+ sites.
- DR compensates users who agree to reduce their electricity usage “on demand” by automatically switching to their standby generators when energy demand and prices peak.
  - Annual payments to generator owners for program participation + variable compensation based on annual energy production.
  - **OmniMetrix could potentially double its profit per customer for each new enrolled DR customer.**
  - OmniMetrix's wireless remote monitoring & control solutions activate and monitor generator activity in partnership with CPower's national network of energy provider relationships.
- DR compensation incentivizes deployments of next-generation, energy efficient standby generator equipment required for DR participation.
  - DR revenue streams benefit dealers, customers, energy providers and DR program providers.

# Competitive Barriers

## Strong Patent Portfolio:

- ✓ #11101580: Cathodic protection testing apparatus/methods utilizing relay & bypass circuitry (RAD)
- ✓ #8763107: Cross-connected, server-based, IP-connected, point-to-point connectivity
- ✓ #8224499: Remote annunciator
- ✓ #8078861: Remote processor reprogramming (critical for software updates)
- ✓ #6747368: Wireless control of power transfer switches for electrical load management
- ✓ #6571093: Methods for providing extended wireless data transport services

## 25 Years of Industry Technology Leadership and Expertise:

- ✓ Engineering, software development, trade secrets, industry reputation, etc.

## Next-Generation Solutions:

- ✓ Ongoing R&D to enhance solutions, expand capabilities and target new markets

## Partnerships:

- ✓ CPower Demand Response Programs
- ✓ PowerNow Exclusive on Briggs & Stratton Generator Deployments in Texas

# Summary Financial Results

## GAAP Basis

\* All of Acorn's revenue is derived from its 99%-owned operating subsidiary, OmniMetrix.

(\$ in thousands)	2022	2021	2020	
Total revenue *	\$ 7,000	\$ 6,776	\$ 5,922	
Gross profit	\$ 5,071	\$ 4,899	\$ 4,131	
Gross margin	72.4%	72.3%	69.8%	

## Reconciliation of GAAP Revenue to Cash-Basis Revenue (Non-GAAP)

(\$ in thousands)	2022	2021	2020	
Total GAAP revenue	\$7,000	\$ 6,776	\$ 5,922	
Less: Amortz. of deferred revenue	(6,205)	(5,886)	(5,475)	
Plus: Sales recorded to deferred revenue	6,983	6,725	5,567	
Other adj. & write-offs	(16)	(17)	(27)	
Total cash-basis revenue	\$ 7,762	\$ 7,598	\$ 5,987	

# Summary Balance Sheet – 3/31/23

Cash & Equivalents	\$1.3M
Accounts Receivable	\$0.8M
Total Current Assets	\$4.1M
<b>Total Assets</b>	<b>\$6.0M</b>

Total Current Liabilities	
excluding \$4.0M in current deferred revenue (1)	\$0.7M
<b>Total Liabilities</b> excluding \$4.0M & \$2.2M in current & non-current deferred revenue (1)	<b>\$0.9M</b>

## Off Balance Sheet Asset:

Federal operating loss carryforwards	>\$70M
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- (1) 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.

# Leadership

## **Jan Loeb – Acorn President and CEO and Director; Acting CEO of OmniMetrix:**

Jan has served as President and CEO of Acorn since Jan. 2016 and was appointed to the Board in August 2015. He was named acting CEO of OmniMetrix in Nov. 2019. Jan has 40+ 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 at Wasserstein Perella. Jan is a former Director of Keweenaw Land Association, Ltd., TAT Technologies and American Pacific Corporation.

## **Tracy Clifford – Acorn CFO and COO of OmniMetrix:**

Tracy Clifford was named Chief Financial Officer of Acorn in June 2018 and was named COO of OmniMetrix in Nov. 2019. 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).

# Investment Summary

- ACFN trades for ~1.2x 2022E Cash Basis Revenue vs. IIoT comps (with lower ARR) of 2.5-5x
- Growing, recurring high margin revenue business (>50% ARR) with large market opportunity
  - Demand Response should increase new, next-generation generator deployments while potentially doubling OmniMetrix's profit per new generator customer
- Technology, product & service leadership and differentiation
  - Solid track record of product innovation and product launches in new markets
- Large customer base including 25 Fortune 500 companies
- \$1.3M cash position (with zero debt) supports growth initiatives
- >\$70m NOL could generate \$15m in future tax savings or more at >21% corporate tax rate
- Disciplined management (with 33% ownership) has strong track record of value creation via growth & M&A

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# APPENDIX

## Financial Improvement Under Current Team

	Mar. 2023	Dec. 2015	Improvement
Cash & Cash Equivalents	\$1.3M	\$0.2M	+\$1.1M
Long-term Debt	\$0.0M	\$4.0M	+\$4.0M
LTM Revenue (OmniMetrix)	\$7.0M	\$3.0M	+\$4.0M
LTM Net Income (Loss)	(\$0.6M)	(\$10.8M)	+\$10.2M

# ACFN Turnaround History

## **New Leadership** - Jan Loeb appointed CEO Early 2016

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

## **Turnaround Initiatives**

- Partnered DSIT sub. w/ major defense co., selling nearly half of stake for \$4.9M, to provide working capital repay debt
- Closed GridSense subsidiary to end cash drain; Liquidated assets for \$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 balance of DSIT Feb. 2018 for \$5.8M; paid expenses/debt; yielded \$1.8M for growth

## **Other Growth & Value Creation Initiatives**

- Focused OmniMetrix on high margin, recurring revenues with 20% organic growth potential
- Implementing continued product design and sales & marketing enhancements
- 2019 Rights Offering to Repurchase 19% of OmniMetrix
- Pursuing M&A opportunities
- Leveraging ~\$70M in Tax Loss Carryforwards

# 2019 Acorn Rights Offering to Fund Repurchase of 19% of OmniMetrix

- Rights Offering gross proceeds of \$2.4M from the sale of 9,975,553 new Acorn shares.
- Rights entitled purchase of 0.312 Acorn shares at \$0.24 per share.
- Proceeds used to reacquire a 19% interest in OMX Holdings, Inc. which owns 100% of OmniMetrix, LLC for \$1,273,000, including \$323,000 of accrued dividends.
- Purchase price based on terms established in 2015 investment by former board member,
- Increased Acorn OmniMetrix ownership to 99%; former OmniMetrix CEO owns 1%.
- Remaining proceeds additional sales and marketing resources for expansion into additional geographic markets, new product applications, and to support next-generation product development.