
algoWatt's Board of Directors approves the Consolidated Financial Report as at 30 June 2022. Ebitda and operating results improve

- **Revenues of Euro 9.3 million (Euro 9.8 million as at 30/06/2021; -5%)**
- **EBITDA of Euro 0.4 million (Euro 25 thousand as at 30/06/2021) with an EBITDA Margin of 4.5%**
- **EBIT of Euro -1.7 million (Euro -2.6 million as at 30/06/2021; +33.1%), Result before tax (EBT) of Euro -2 million (Euro -3.6 million as at 30/06/2021; +43.8%)**
- **Net profit of Euro -1.8 million (Euro -3.7 million as at 30/06/2021; +51.2)**
- **Net Financial Position of Euro 13.5 million (Euro 12.8 million as of 31/12/2021; +5,73%)**
- **Shareholders' equity of Euro 10.5 million (Euro -12.1 million as at 31/12/2021; -13.4%)**
- **EBITDA higher than Plan forecasts expected for year-end***
- **Updating the corporate events calendar**

algoWatt S.p.A., GreenTech Solutions Company listed on the Italian Stock Exchange (MTA), announces that the Company's Board of Directors, which met today, approved the Consolidated Financial Report as at 30 June 2022.

Chairman and CEO of algoWatt, Stefano Neri, said*:

"With the results of the first half of 2022, we close the implementation of the first phase of the Recovery Plan and the Financial Agreement and intend, as of now, to demonstrate the proactivity of the new governance in implementing the strategic review envisaged in the 2022-2024 Business Plan. We are confident that the second half of the year, in line with previous years, will lead to significant growth in business and results. In particular, also due to the estimates and forecasts that we can assume in the current economic situation, we believe that at the end of the financial year 2022 we will be able to exceed the EBITDA target that we have indicated in the Industrial Plan (approximately Euro 4.5 million). Finally, in order to increase the symmetry of information between the company and investors, transparency on the actions we are taking and, at the same time, improve the understanding of business decisions and their impact on performance, we have taken the decision to publish quarterly results, providing the market with a prompt information".

Main economic and financial results

Revenues amounted to **Euro 9.3 million** (€9.8 million as at 30/06/2021; -5%). It should be noted that the first part of the financial year was dedicated, following the new Recovery Plan and the Financial Agreement, to implementing the revision of the strategic approach, characterised by a simplification of the corporate structure, with the elimination of the three business units to increase efficiency and optimise costs. In particular, a strong organisational change was imparted, oriented towards customer proximity and support with new structures (software factory, centralised project management, solution delivery and improved business processes).

Management expects a boost in business volume growth in the second half of the financial year, also based on the good trend in the acquisition of new orders.

EBITDA amounted to **Euro 0.4 million**, a considerable increase compared to the same period of the previous year (Euro 25 thousand as of 30/06/2021), with **EBITDA Margin** of **4.5%** growing consistently. Adjusted EBITDA, gross of restructuring-related costs (amounting to €291 thousand) and other operating expenses and contingent liabilities (amounting to €406 thousand) came to about €1 million (€1 million at 30 June 2021). The adjusted EBITDA MARGIN amounted to about 11.2% (10.5% as at 30 June 2021).

The **Net Operating Result (EBIT)** was negative for **Euro -1.7 million**, an improvement of almost Euro 0.9 million compared to the corresponding figure of the previous year (Euro -2.6 million as of 30/06/2021; + 33.1%).

The change is mainly attributable to the lower incidence of depreciation, amortisation and impairment losses.

Profit before tax (EBT) amounted to **Euro -2 million** (Euro -3.6 million as of 30 June 2021; an improvement of 43.8%), mainly due to lower financial expenses. Please note that the restructuring agreement with banks and bondholders provided for the accrual of interest on the financially manoeuvred debt only until 30 June 2021.

The **Net Profit** of **Euro -1.8 million**, compared to Euro -3.7 million as of 30/06/2021, improved significantly (51.2%) compared to the previous year, due to the effects described above.

The **Net Financial Position** amounted to **Euro 13.5 million** (Euro 12.8 million as of 31.12.2021; +5.73%), with debt divided into a short-term portion of Euro 1.3 million and a long-term portion of Euro 12.2 million.

Current debt as of 30 June 2022 mainly includes short-term credit lines used as advances on invoices. The non-current portion of indebtedness mainly includes the residual exposure to banks, due to the effects of the new financial agreement signed by the Company and its parent company Italeaf on 22 June 2021 and which became fully effective upon the fulfilment of all conditions precedent on 30 July 2021.

Shareholders' Equity amounted to approximately **Euro 10.5 million** (Euro 12.1 million as at 31/12/2021; - 13.4%). Shareholders' Equity also takes into account treasury shares held in the portfolio, which amount to 1,012,998 (2.15% of the share capital).

Business outlook

The international scenario continues to be characterised by high uncertainty related to the conflict between Russia and Ukraine, strong inflationary pressures driven by energy prices and a change in the tone of monetary policy.

Growth prospects for the coming months appear to be negatively affected by the continuation of the inflationary phase, the deterioration of the trade balance and the fall in household confidence. However, business expectations still show moderate and widespread improvements.

The described geopolitical tensions, inflation, rising interest rates and the latest lockdowns imposed by the Chinese government due to the resurgence of Covid-19 contagions represent the main challenges to overall economic growth that are causing the world's major Banks and Institutions to revise downward their growth

estimates for the current year and adding to the overall environment of uncertainty and turbulence in the markets.

These circumstances and scenarios, open up new potential opportunities for companies like algoWatt that are fully inserted in the emerging Green Tech sector, linked to clean technology, i.e. products and/or services that improve operational performance while reducing costs, energy consumption, waste and negative environmental effects. Having already anticipated this scenario with the simplification of the organisational model - characterised by the identification of the reference markets Green Energy & Utility, Green Enterprise & City and Green Mobility -, algoWatt intends to pursue these strategic choices, fitting in with the growth strands identified by the European Green New Deal, the PNRR, the policies to stimulate digitalisation and those for combating climate change and decarbonising the economy.

The Group is working to implement the Restructuring Plan pursuant to Article 67, paragraph 3, letter d), L.F. and the related Financial Agreement, In particular, compliance with the covenants and targets has been included in the new 2022-2024 plan presented in recent months and represents in its strategic guidelines the company's main area of commitment in the short and medium term and, in any case, within the horizon of the Plan itself.

As far as algoWatt is concerned, business related to software development and system integration will be consolidated and strengthened for leading customers in the respective sectors. It is precisely in this area that the Group intends to go along with the rapid and profound technological changes and a constant evolution of the composition of professionalism and skills to be combined in the realisation of services and solutions, with the need for continuous development and updating of new products and services, and timeliness in go-to-market.

Added to this is the planned re-launch of TerniEnergia Progetti Srl, which is to operate in the fields of renewable plant installation, energy efficiency, building renovation aimed at energy modernisation and redevelopment, and technological integration, responding to the growing demand for self-consumption, electrification of consumption, production of renewable energy, and reduction of energy dependence on foreign countries.

These prospects, together with the order backlog acquired as at 30 June 2022, as well as a further backlog being formalised, allow the directors to look optimistically at the continuation of the financial year and, more generally, at subsequent years, also with reference to compliance with the financial commitments imposed by the financial manoeuvre.

Finally, the Group will continue to explore the possibility of pursuing extraordinary operations aimed at sustaining continuity and growth.

ADDITIONAL INFORMATION REQUIRED BY CONSOB PURSUANT TO ARTICLE 114 OF LEGISLATIVE DECREE NO. 58/98 (TUF)

Any failure to comply with *covenants*, *negative pledges* and any other clause in the Group's indebtedness involving limits on the use of financial resources, with an updated indication of the degree of compliance with these clauses

On 7 December 2021, following the closing for the sale of the shares representing the entire share capital of three agricultural companies, algoWatt announced that it had met the covenant related to the 2021 Financial Parameter, which envisaged the completion of divestments for a countervalue of at least Euro 9 million, as envisaged by the Financial Manoeuvre related to the Reorganisation Plan.

As far as the financial commitments (covenants) for the year ending 31 December 2022 are concerned, it should be noted that the parent company algoWatt is obliged to comply with a NFP/Ebitda ratio of no more than 4 (which, in subsequent years, will increase to 3) and that its parent company Italeaf is committed to repaying debts to banks for a minimum amount of Euro 6 million through the sale of industrial assets. For more details on the covenants, please refer to Paragraph 3.3.1 "Going Concern Assessments" of the Notes to the Financial Statements.

With regard to the covenant on algoWatt, based on the actual results as of 30 June 2022, the orders acquired and in progress as of the same date, the directors believe that compliance with the covenant is reasonably foreseeable.

The status of implementation of any industrial and financial plans of the AlgoWatt Group, highlighting any deviations of final figures from the planned ones

Reference should be made to the 2022-2024 business plan "Leading the clean energy transition", which was released on 29 March 2022 by the company and simultaneously presented to the market, as well as to section 3.3.1. of the Explanatory Notes, in which updates on the implementation of the new Business Plan and the Financial Agreement are reported.

Filing documentation

We inform you that the Consolidated Financial Report as at 30 June 2022 of algoWatt, approved by the Board of Directors today, will be made available to the public, together with the auditors' report, in the manner required by current regulations.

Updating the corporate events calendar

algoWatt S.p.A., in order to facilitate the activities of financial market operators, pursuant to Article 2.6.2 of the Borsa Italiana S.p.A. Regulations, announces the following update to the Corporate Events Calendar released on 3 February 2022:

10 November 2022 - Meeting of the Board of Directors to approve the Interim Management Report as at 30 September 2022.

Any changes to the above calendar, as well as information on meetings with financial analysts and institutional investors, will be promptly communicated.

The corporate events calendar is available to the public on the Company's website www.algowatt.com, in the 'Investor Relations/Financial Calendar' section as well as at the authorised storage mechanism 1INFO, <http://www.1info.it>.

Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer, Mr. Filippo Calisti, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.

Filing documentation

We inform you that the Consolidated Financial Report as at 30 June 2022 of algoWatt, approved by the Board of Directors today, will be made available to the public, together with the auditors' report, in the manner required by current regulations.

This press release is also available on the Company's website www.algowatt.com and on the regulated information dissemination system 1INFO www.1info.it.

algoWatt (ALW), a GreenTech solutions company, designs, develops and integrates solutions for managing energy and natural resources in a sustainable and socially responsible manner. The company provides management and control systems that integrate devices, networks, software and services with a clear sectoral focus: digital energy and utilities, smart cities & enterprises and green mobility. algoWatt was born from the merger of TerniEnergia, a leading company in the renewable energy and environmental industry, and Softeco, an ICT solutions provider with over 40 years of experience for customers operating in the energy, industry and transport sectors. The company, with more than 200 employees in 7 locations in Italy and investments in research and innovation amounting to more than 12% of its turnover, operates with an efficient corporate organisation, focused on its reference markets: Green Energy Utility: renewable energies, digital energy, smart grids; Green Enterprise&City: IoT, data analysis, energy efficiency, building and process automation; Green Mobility: electric, sharing and on demand. Different markets, one focus: sustainability. algoWatt is listed on the Euronext Milan market of Borsa Italiana S.p.A..

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**) This statement contains objectives and forecasts that reflect management's current estimates of future events. Such forecasts include, but are not limited to, all information other than factual data, including, without limitation, information regarding operating results, strategy, plans, objectives and future developments in the markets in which the Group operates or intends to operate. The Group's ability to achieve expected results and targets depends on external factors. Actual results may differ from those predicted or implied by the forecast data.*

The following summary tables are attached:

- Reclassified Consolidated Balance Sheet of the algoWatt Group as at 30/06/2022
- Consolidated Reclassified Income Statement of the algoWatt Group as at 30/06/2022
- Consolidated Net Financial Position of the algoWatt Group as at 30/06/2022

Consolidated statement of financial position as at June 30th, 2022

	As at June, 30 <i>(in Euro)</i>	As at December, 31 2022	Change	Change %
		2021		
Intangible assets	14,634,743	15,335,596	(700,853)	(4.57)%
Property, plant and equipment	2,906,793	3,118,069	(211,275)	(6.78)%
Financial fixed assets and other intangible assets	23,329,139	23,870,489	(541,350)	(2.27)%
Fixed Assets	40,870,675	42,324,154	(1,453,478)	(3.43)%
Inventories	8,783,958	7,988,806	795,151	9.95%
Trade receivables	24,277,070	22,977,591	1,299,480	5.66%
Other assets	9,763,202	9,342,237	420,964	4.51%
Trade payables	(29,671,115)	(29,880,465)	209,350	(0.70)%
Other liabilities	(24,028,764)	(20,608,414)	(3,420,349)	16.6%
Net working capital	(10,875,650)	(10,180,245)	(695,405)	6.83%
Provisions and other non-trade liabilities	(6,881,890)	(8,219,918)	1,338,028	(16.28)%
Net Invested Capital	23,113,136	23,923,991	(810,855)	(3.39)%
Shareholders' Equity	10,488,601	12,111,791	(1,623,190)	(13.4)%
Current net financial position	1,358,170	401,164	957,006	n.a.
Non-current net financial position	12,118,664	12,344,876	(226,212)	(1.83)%
Total net financial position	13,476,834	12,746,040	730,794	5.73%
(Assets) Net liabilities held for sale	(852,299)	(933,840)	81,541	(8.73)%
Net Invested Capital	23,113,136	23,923,991	(810,855)	(3.39)%

Reclassified consolidated income statement as at June 30th, 2022

(in Euro)	As at June, 30 2022	As at June, 30 2021	Change	Change %
Net revenues from sales and services	9,274,651	9,766,684	(492,033)	(5.0)%
Production costs	(2,758,470)	(3,217,926)	459,457	(14.3)%
Added value	6,516,182	6,548,758	(32,576)	(0.5)%
Personnel costs	(6,102,883)	(6,523,783)	420,900	(6.5)%
EBITDA	413,299	24,975	388,324	n.a.
Amortization, depreciation, provisions and write-downs	(2,151,622)	(2,621,488)	469,866	(17.9)%
EBIT	(1,738,323)	(2,596,513)	858,190	(33.1)%
Financial income and charges	(273,200)	(978,828)	705,628	(72.1)%
Pre-tax result	(2,011,523)	(3,575,341)	1,563,818	(43.7)%
Income taxes	185,473	130,513	54,960	42.1%
Result of ongoing activities	(1,826,050)	(3,444,828)	1,618,778	(47.0)%
Net result from assets held for sale		(295,466)	295,466	(100.0)%
Net profit for the period	(1,826,050)	(3,740,294)	1,914,244	(51.2)%

Consolidated statement of financial position as at June 30th, 2022

	As at June, 30 2022	As at December, 31 2021
<i>(in Euro)</i>		
A. Cash	(2,122,540)	(2,621,328)
B. Cash equivalents	-	-
C. Other current financial assets	(5,764)	-
D. Liquidity (A+B+C)	(2,128,304)	(2,621,328)
E. Current financial debt	2,640,985	2,285,186
F. Current portion of non-current financial debt	845,489	737,306
G. Current financial position (E) + (F)	3,486,474	3,022,492
H. Current net financial position (G) - (D)	1,358,170	401,164
I. Non-current financial debt	12,118,664	12,344,876
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current net financial position (I) + (J) + (K)	12,118,664	12,344,876
M. Total net financial position (H) + (L)	13,476,834	12,746,040