

## alگوWatt's Board of Directors approves the draft financial statements as at 31 December 2021

- Revenues of € 22 million (€ 19.4 million as at 31/12/2020; +13%)
- EBITDA of €3.2 million (€1.8 million at 31/12/2020; +75.7%) with an EBITDA margin of 14.68%.
- EBIT of EUR -3.4 million (EUR 0.3 million at 31/12/2020), Profit before tax (EBT) of EUR 9.4 million (EUR -2.3 million at 31/12/2020)
- Net profit of EUR 8.5 million (EUR -3.5 million at 31/12/2020)
- Net Financial Position of €14.2 million (€66.9 million at 31/12/2020)
- Shareholders' equity of Euro 12 million (Euro -28.5 million at 31/12/2020)

alگوWatt S.p.A., *GreenTech Solutions Company* listed on the Italian Stock Exchange (MTA), announces that the Board of Directors of the Company, which met today, approved the draft financial statements for the year ending 31 December 2021.

**Revenues** amounted to **€22 million** (€19.4 million at 31/12/2020; +13%). The year 2021 was characterised by the completion of the drafting, approval and entry into force of the Reorganisation Plan and the related Financial Agreement with the creditors. The Company therefore made the strategic choice aimed at ensuring the best conditions for the relaunch, while anticipating the recovery guidelines, affirming the new asset light business model (characterised by the disposal of plants that are no longer strategic) and the new corporate organisation (resulting from the exit from the Renewable Utilities sector, for the more attractive and prospective GreenTech solutions sector). It should be noted that, with the strengthening of governance and the revision of the strategic approach, a simplification of the corporate structure was launched in the last part of the year, eliminating the three business units to increase efficiency and optimise costs. In particular, a strong organisational change was made, oriented towards proximity and customer support with new structures (software factory, centralised project management, solution delivery and improved business processes).

**EBITDA** amounted to Euro 3.2 million, an increase of approximately 75% compared to the previous year (Euro 1.8 million at 31/12/2020), with an **EBITDA margin** of 14.68%. The increase in EBITDA is mainly attributable to the impact of an extraordinary nature, amounting to a total of € 1.2 million, represented by the favourable outcome of a dispute that has provided for the collection of approximately € 0.8 million and the cancellation of a debt of approximately € 0.4 million.

The **Net Operating Result** (EBIT) was a loss of EUR -3.4 million, a decrease of EUR 3.7 million compared to the corresponding figure for the previous year (EUR 0.3 million as at 31 December 2020). The change is mainly attributable to the presence of an extraordinary income in 2020, amounting to approximately EUR 2.2 million, referring to the reversal of the value of the items "software" and "customer relationship" among intangible assets, as well as to the recognition of impairment for approximately EUR 2.7 million.

**Profit before tax (EBT)** amounted to €9.4 million (€2.3 million at 31/12/2020), mainly due to the recognition of financial income of approximately €14.1 million related to the Restructuring Agreement with banks and bondholders.

The **Net result of** €8.5 million, compared to -€3.5 million at 31/12/2020, a significant improvement on the previous year due to the effects described above, also includes the loss of €0.7 million from assets held for sale or disposal.

The **Net Financial Position** amounted to €14.2 million (€66.9 million at 31 December 2020), with debt divided into short-term portion of €2 million and long-term portion of €12.2 million. The reduction in total net financial debt at December 31, 2021 compared to the corresponding figure at December 31, 2020 is mainly due to the effects of the new financial agreement signed by the Company and its parent company Italeaf on June 22, 2021, which became fully effective on July 30, 2021, once all the conditions precedent had been met.

In particular, these effects, totalling approximately €53.5 million, relate to:

- for € 12.8 million to the assumption of the "Guaranteed Exposures" by the parent company "Italeaf S.p.A.";
- for €29.7 million to the benefit arising from the conversion of part of the financial debt into PFS (Participating Financial Instruments), of which €25 million related to the conversion of the bond and approximately €4.7 million to the conversion of certain bank exposures.
- for €11 million following the payments made in December 2021 to creditors (banks and bondholders) for approximately €6 million, with the liquidity deriving from the disposal of industrial assets as provided for in the aforementioned financial agreement, and the consequent recognition of a write-off of approximately €5 million.

**Shareholders' equity** amounted to approximately EUR 12 million (EUR -28.5 million as at 31/12/2020), with an increase compared to the previous year of EUR 40,589 thousand, mainly due to the effects of the restructuring agreement.

In particular, the restructuring agreement resulted in the following effects on the Company's balance sheet:

- a benefit related to the conversion of part of the financial debt, amounting to € 29.7 million, into PFS (Participating Financial Instruments), of which € 25 million related to the conversion of the bond and approximately € 4.7 million to the conversion of certain bank exposures; from the point of view of the balance sheet, it should be noted that the reduction in financial debt of € 29.7 million, corresponding to the nominal value of the PFS, was recognised in a specific equity reserve up to the relative Fair Value of € 21.5 million. The portion exceeding the Fair Value, equal to €8.2 million, was recognised in the income statement under financial income. The Fair Value of the FFS at the issue date was determined on the basis of the report of an independent expert appointed for this purpose.
- a positive impact of more than €12.8 million related to the assumption of guaranteed exposures by the parent company Italeaf, net of the recognition of a subrogation debt of €2.4 million.

Shareholders' equity also takes into account treasury shares held in portfolio, which amount to 1,012,998 (2.15% of the share capital).

## **ALGOWATT GROUP CONSOLIDATED RESULTS AT 31 DECEMBER 2021**

Net revenue amounted to €23 million (€19.2 million as at 31 December 2020). EBITDA amounted to €3.3 million (€0.8 million as at 31 December 2020). Net profit amounted to €6.6 million (€6 million as at 31 December 2020).

### **Business outlook**

The expected performance of the reference markets, as well as the group's economic and financial targets for the 2022-24 Plan horizon, are described in the specific press release also published today: "alگوWatt: The alگوWatt Board of Directors approves the 2022-2024 business plan "Leading the clean energy transition", to which reference should be made for further details.

It should be noted, however, that the Company's offer is in line with the most important *mega trends* in the energy value chain: the digitalisation of production, transmission and distribution, the affirmation of the distributed energy model driven by the migration towards renewables, the focus on energy efficiency and the sustainable use of resources, the smart *city and smart and sustainable mobility*.

The New Business Plan is based on analytically reasoned development hypotheses for each of the 6 strategic growth levers that make up additional elements with respect to alگوWatt's business as usual and to which is added the transversal contribution of the financed research activity.

The growth outlook is, in any case, subject to multiple, predominantly downside risks. In the short term, the uncertainty surrounding the outlook is related to health conditions and supply-side tensions, which may prove to be more persistent than expected and show a higher degree of transmission to the real economy. Added to this context of permanent difficulties are the tensions related to the war in Ukraine, with the framework of sanctions and increases in commodity prices that will inevitably be reflected in the economy. Imports of natural gas from Russia will be most affected, and for Italy this will create a triple economic damage: for electricity generation, for heating homes and on the production front for energy-intensive businesses. Furthermore, the risk of climate change continues to show signs of increasing, particularly in the Asian and Sub-Saharan African regions. Therefore, with the crisis continuing to make itself felt in low-tech sectors, which are characterised by business models that COVID-19 has helped to render obsolete even faster, alگوWatt is confident in the possibility of grafting its activity onto the strand of strategic strengthening of the country's energy efficiency. This key has proved fundamental in meeting the needs of a country like Italy, which is poor in raw materials but has extremely qualified research in the field of technological innovation, with policies designed to encourage public and private investment in new technologies, and with liquidity that has already been injected by governments and will be injected in the coming months through the PNRR.

### **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 of the Group's indebtedness involving limits on the use of financial resources, with an indication at the updated date of the degree of compliance with such 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 achieved the covenant relating to the 2021 Financial Parameter, with the completion of disposals for a countervalue of at least €9 million, as envisaged by the financial manoeuvre related to the Reorganisation Plan.

**The status of implementation of any industrial and financial plans of the AlgoWatt Group, highlighting the deviations of the actual data from the forecast ones**

Please refer to the press release "algoWatt's Board of Directors approves the 2022-2024 business plan "Leading the clean energy transition", which was circulated today at the same time as this document.

**Other resolutions of the Board of Directors**

Subsequently, the Board of Directors examined and approved the Report on Corporate Governance and Ownership Structure for the year 2021, the Annual Report of the Director in charge of the internal control and risk management system, the Report of the Control and Risk Committee, the Report of the Internal Audit function, and the Report on the remuneration of Directors and Managers with strategic responsibilities, pursuant to Article 123-ter of Legislative Decree 58/98, which will be submitted to the Shareholders' Meeting for approval.

**Convening of the algoWatt Shareholders' Meeting**

Finally, the algoWatt Board of Directors approved the convening of the algoWatt shareholders' meeting for 30 April 2022, with the following agenda:

- 1) Financial statements as at 31 December 2021, consolidated financial statements as at 31 December 2021, Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Related and consequent resolutions.
- 2) Report on the remuneration policy and remuneration paid in 2021 prepared pursuant to Article 123-ter of Legislative Decree 58/1998: 2.1) Approval of the First Section of the Remuneration Report prepared (binding resolution); 2.2) Approval of the Second Section: Report on remuneration paid in 2021 (non-binding resolution). Related and consequent resolutions.
- 3) Appointment of Directors, after determining their number, term of office and remuneration; appointment of the Chairman of the Board of Directors.
- 4) Appointment of the Statutory Auditors and the Chairman of the Board of Statutory Auditors and determination of the remuneration due to the Statutory Auditors and the Chairman of the Board of Statutory Auditors.
- 5) Authorisation to dispose of treasury shares. Related and consequent resolutions.

\*\*\*

---

*The Manager responsible for preparing the company's financial reports, Mr Filippo Calisti, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.*

### **Filing of documents**

We inform you that the draft financial statements of algoWatt S.p.A. as at 31/12/2021, approved by the Board of Directors of algoWatt S.p.A. today, will be made available to the public, together with the report of the independent auditors, in the manner required by current regulations.

*This press release is also available on the Company's website [www.algowatt.com](http://www.algowatt.com).*

**algoWatt (ALW)**, *GreenTech solutions company*, designs, develops and integrates solutions for the management of energy and natural resources in a sustainable and socially responsible way. 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 over 200 employees in 7 locations in Italy and investments in research and innovation amounting to over 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, in sharing and on demand. Different markets, one focus: sustainability. algoWatt is listed on the Euronext Milan market of Borsa Italiana S.p.A..

### **For information:**

**Investor Relations**  
**algoWatt SpA**  
Filippo Calisti (CFO)  
Tel. +39 0744 7581  
[filippo.calisti@algowatt.com](mailto:filippo.calisti@algowatt.com)

**Press Office**  
**algoWatt SpA**  
Federico Zacaglioni  
Tel. +39 0744 7581  
Mobile +39 340 5822368  
[federico.zacaglioni@algowatt.com](mailto:federico.zacaglioni@algowatt.com)

### **The following summary tables are attached:**

- Reclassified Separate Balance Sheet of algoWatt S.p.A. as at 31/12/2021
- Reclassified Separate Income Statement of algoWatt S.p.A. as at 31/12/2021
- Separate Net Financial Position of algoWatt S.p.A. as at 31/12/2021
- Reclassified Consolidated Balance Sheet of algoWatt Group as at 31/12/2021
- Reclassified consolidated income statement of the algoWatt Group as at 31/12/2021
- Consolidated Net Financial Position of the algoWatt Group as at 31/12/2021

**Reclassified Balance Sheet as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020	Change	Change %
Intangible assets	15,125,040	17,370,847	(2,245,806)	(12.93)%
Property, plant and equipment	2,842,208	3,094,198	(251,990)	(8.14)%
Financial fixed assets and other intangible assets	26,387,668	34,579,651	(8,191,983)	(23.69)%
<b>Fixed Assets</b>	<b>44,354,916</b>	<b>55,044,696</b>	<b>(10,689,780)</b>	<b>(19.42)%</b>
Inventories	7,439,145	6,114,767	1,324,378	21.7%
Trade receivables	15,332,937	17,271,956	(1,939,019)	(11.23)%
Other assets	4,650,818	4,655,883	(5,065)	(0.11)%
Trade payables	(12,367,034)	(14,711,322)	2,344,287	(15.94)%
Other liabilities	(20,061,195)	(26,244,228)	6,183,032	(23.56)%
<b>Net working capital</b>	<b>(5,005,329)</b>	<b>(12,912,943)</b>	<b>7,907,614</b>	<b>(61.24)%</b>
<b>Provisions and other non-trade liabilities</b>	<b>(14,052,168)</b>	<b>(14,516,456)</b>	<b>464,288</b>	<b>(3.20)%</b>
<b>Net Invested Capital</b>	<b>25,297,418</b>	<b>27,615,296</b>	<b>(2,317,878)</b>	<b>(8.39)%</b>
<b>Shareholders' Equity</b>	<b>12,050,481</b>	<b>(28,538,743)</b>	<b>40,589,224</b>	<b>(142.22)%</b>
Current net financial position	2,029,045	66,229,169	(64,200,124)	(96.94)%
Non current net financial position	12,151,732	680,452	11,471,281	n.a.
<b>Total net financial position</b>	<b>14,180,777</b>	<b>66,909,621</b>	<b>(52,728,843)</b>	<b>(78.81)%</b>
<b>(Assets) Net liabilities held for sale</b>	<b>(933,840)</b>	<b>(10,755,581)</b>	<b>9,821,741</b>	<b>(91.32)%</b>
<b>Net Invested Capital</b>	<b>25,297,418</b>	<b>27,615,296</b>	<b>(2,317,878)</b>	<b>(8.39)%</b>

**Reclassified income statement as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020	Change	Change %
Net revenues from sales and services	22,030,620	19,425,389	2,605,231	13.41%
Production costs	(6,317,957)	(4,621,825)	(1,696,132)	36.70%
<b>Added value</b>	<b>15,712,663</b>	<b>14,803,563</b>	<b>909,100</b>	<b>6.14%</b>
Personnel costs	(12,478,631)	(12,963,367)	484,736	(3.74)%
<b>EBITDA</b>	<b>3,234,032</b>	<b>1,840,197</b>	<b>1,393,835</b>	<b>75.7%</b>
Amortization, depreciation, provisions and write-downs	(6,681,797)	(1,562,886)	(5,118,911)	n.a.
<b>EBIT</b>	<b>(3,447,765)</b>	<b>277,311</b>	<b>(3,725,076)</b>	<b>n.a.</b>
Financial income and charges	12,832,515	(2,601,066)	15,433,580	n.a.
<b>Pre-tax result</b>	<b>9,384,750</b>	<b>(2,323,755)</b>	<b>11,708,505</b>	<b>n.a.</b>
Income taxes	(107,723)	(226,970)	119,247	(52.54)%
<b>Result of ongoing activities</b>	<b>9,277,027</b>	<b>(2,550,725)</b>	<b>11,827,752</b>	<b>n.a.</b>
Net result from assets held for sale	(743,725)	(920,122)	176,397	(19.17)%
<b>Net profit for the period</b>	<b>8,533,301</b>	<b>(3,470,847)</b>	<b>12,004,148</b>	<b>n.a.</b>

**Net Financial statement as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020
Cash	(1,922)	(1,627)
Available bank current accounts	(936,095)	(142,654)
Current financial receivables	98,092	
<b>Liquidity</b>	<b>(839,924)</b>	<b>(144,281)</b>
Bond debt		26,618,483
Current bank debt (current account overdraft)	107,565	12,186,237
Current bank debt (advance)	2,024,098	2,094,754
Financial payables to other lenders	332,937	67,967
Current financial debt (Leasing)	404,369	677,692
Current financial debt (other lenders)		24,728,317
<b>Current financial debt</b>	<b>2,868,969</b>	<b>66,373,450</b>
<b>Current net financial position</b>	<b>2,029,045</b>	<b>66,229,169</b>
Bond debt	541,983	
Non-current financial debt (other lenders)	9,900,977	
Financial payables to other lenders	963,147	
Non-current financial debt (Leasing)	745,625	680,452
<b>Non-current net financial position</b>	<b>12,151,732</b>	<b>680,452</b>
<b>Total net financial position</b>	<b>14,180,777</b>	<b>66,909,621</b>

**Consolidated statement of financial position as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020	Change	Change % %
Intangible assets	15,335,596	19,255,811	(3,920,216)	(20.36)%
Property, plant and equipment	3,118,069	3,438,393	(320,324)	(9.32)%
Financial fixed assets and other intangible assets	23,870,489	24,653,317	(782,828)	(3.18)%
<b>Fixed Assets</b>	<b>42,324,154</b>	<b>47,347,522</b>	<b>(5,023,368)</b>	<b>(10.61)%</b>
Inventories	7,988,806	6,789,057	1,199,749	17.67%
Trade receivables	22,977,591	19,611,671	3,365,920	17.16%
Other assets	9,342,237	7,302,087	2,040,151	27.94%
Trade payables	(29,880,465)	(26,518,019)	(3,362,446)	12.68%
Other liabilities	(20,608,414)	(19,125,831)	(1,482,583)	7.75%
<b>Net working capital</b>	<b>(10,180,245)</b>	<b>(11,941,036)</b>	<b>1,760,791</b>	<b>(14.75)%</b>
<b>Provisions and other non-trade liabilities</b>	<b>(8,219,918)</b>	<b>(8,723,500)</b>	<b>503,582</b>	<b>(5.77)%</b>
<b>Net Invested Capital</b>	<b>23,923,991</b>	<b>26,682,986</b>	<b>(2,758,995)</b>	<b>(10.34)%</b>
<b>Shareholders' Equity</b>	<b>12,111,791</b>	<b>(21,662,614)</b>	<b>33,774,405</b>	<b>n.a.</b>
Current net financial position	401,164	64,785,881	(64,384,717)	(99.38)%
Non-current net financial position	12,344,876	719,739	11,625,137	n.a.
<b>Total net financial position</b>	<b>12,746,040</b>	<b>65,505,619</b>	<b>(52,759,579)</b>	<b>(80.54)%</b>
<b>(Assets) Net liabilities held for sale</b>	<b>(933,840)</b>	<b>(17,160,020)</b>	<b>16,226,179</b>	<b>(94.56)%</b>
<b>Net Invested Capital</b>	<b>23,923,991</b>	<b>26,682,986</b>	<b>(2,758,995)</b>	<b>(10.34)%</b>

**Reclassified consolidated income statement as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020	Change	Change % %
Net revenues from sales and services	22,950,718	19,268,211	3,682,507	19.1%
Production costs	(7,086,853)	(7,043,176)	(43,678)	0.60%
<b>Added value</b>	<b>15,863,865</b>	<b>12,225,035</b>	<b>3,638,830</b>	<b>29.80%</b>
Personnel costs	(12,542,930)	(13,084,576)	541,646	(4.10)%
<b>EBITDA</b>	<b>3,320,935</b>	<b>(859,541)</b>	<b>4,180,476</b>	<b>n.a.</b>
Amortization, depreciation, provisions and write-downs	(7,073,424)	(1,981,835)	(5,091,589)	n.a.
<b>EBIT</b>	<b>(3,752,489)</b>	<b>(2,841,376)</b>	<b>(911,113)</b>	<b>32.10%</b>
Financial income and charges	12,340,883	(2,543,485)	14,884,368	n.a.
<b>Pre-tax result</b>	<b>8,588,394</b>	<b>(5,384,861)</b>	<b>13,973,255</b>	<b>n.a.</b>
Income taxes	(107,941)	(233,868)	125,927	(53.80)%
<b>Result of ongoing activities</b>	<b>8,480,453</b>	<b>(5,618,729)</b>	<b>14,099,182</b>	<b>n.a.</b>
Net result from assets held for sale	(1,914,148)	(411,640)	(1,502,508)	n.a.
<b>Net profit for the period</b>	<b>6,566,305</b>	<b>(6,030,369)</b>	<b>12,596,674</b>	<b>n.a.</b>

**Consolidated statement of financial position as at December 31st, 2021**

<i>(in Euro)</i>	As at December, 31 2021	As at December, 31 2020
Cash	(12,652)	(1,627)
Available bank current accounts	(2,608,676)	(1,964,059)
Current financial receivables		(281,192)
<b>Liquidity</b>	<b>(2,621,328)</b>	<b>(2,246,878)</b>
Bond debt		26,618,483
Current bank debt (current account overdraft)	260,769	12,700,053
Current bank debt (advance)	2,024,098	2,094,754
Financial payables to other lenders	332,937	61,100
Current financial debt (Leasing)	404,369	677,692
Current financial debt (other lenders)	319	24,880,677
<b>Current financial debt</b>	<b>3,022,492</b>	<b>67,032,759</b>
<b>Current net financial position</b>	<b>401,164</b>	<b>64,785,881</b>
Bond debt	541,983	
Non-current financial debt (other lenders)	10,094,121	32,420
Financial payables to other lenders	963,147	6,867
Non-current financial debt (Leasing)	745,625	680,452
<b>Non-current net financial position</b>	<b>12,344,876</b>	<b>719,739</b>
<b>Total net financial position</b>	<b>12,746,040</b>	<b>65,505,619</b>