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## **algowatt's Board of Directors approved the 2022-2024 business plan "Leading the clean energy transition"**

- **A renewed strategic vision in the light of the signing of the Recovery Plan and the Financial Agreement, the recovery of financial solidity and the enhancement of contextual factors, which place algowatt in an attractive business**
- **In the plan: strengthening of governance and optimisation of the corporate and commercial structure towards the achievement of targets**
- **Defined 6 strategic levers to accelerate revenue and EBITDA generation resulting in reduced risk, integration of activities to complete the digital energy and cleantech value chain**
- **Scouting for M&A transactions in compliance with the Recovery Plan and the Financial Agreement and using the treasury shares portfolio**
- **Revenues over the three-year period: approximately Euro 92 million (CAGR 2022-24 +5.34%); increase in margins and profitability; progressive reduction in NFP and simultaneous growth in shareholders' equity with improvement in all ratios**

The Board of Directors of algowatt, a GreenTech Company listed on the Euronext Milan market of Borsa Italiana, met today under the chairmanship of Stefano Neri and approved the 2022-2024 business plan "Leading the clean energy transition".

The plan will be illustrated to the financial community today in a webcast on the company's website [www.algowatt.com](http://www.algowatt.com) and on Specialist Integrae SIM's website [www.integrae.it](http://www.integrae.it) at 15.30 CET by the Chairman of algowatt Stefano Neri, CEO Paolo Piccini, General Manager Idilio Ciuffarella and CFO Filippo Calisti.

### **"LEADING THE CLEAN ENERGY TRANSITION: MAIN ASSUMPTIONS**

algowatt aims to establish itself as the cutting edge of the Italian GreenTech industry with a mission to "enable digital transformation and the energy and ecological transition through smart technologies, enabling customers and consumers to use resources in a more sustainable way".

The new corporate configuration and positioning in the market for digital integration of products and/or services that improve operational performance while reducing costs, energy consumption, waste and negative effects on the environment result from the operational and industrial turnaround following the signing of the Recovery Plan and Financial Agreement in June 2021.

Thanks to this agreement, which saw Bondholders and Banks express confidence in the resilience of the Company, algowatt reduced its financial debt (almost constant since 2018) from 66.9 million euros in 2020 to 14.1 million euros at the end of the year to 31 December 2021. In addition to this energetic debt reduction

manoeuvre, there was also the deconsolidation of debt linked to industrial plants, functional to the old business model and destined for sale, for a total of more than €12 million.

Thanks to the Restructuring Plan, the Financial Agreement and the merger between TerniEnergia and Softeco, is thus delivered to the capital market a new player that leaves the Utility sector and enters the Digital one, with the identity of GreenTech company. A new identity in line with the most attractive megatrends, which concern the pervasive digitalization of all industrial sectors and the ecological and energy transition.

alگوWatt's industrial objectives also appear to be fully consistent with the objectives of decarbonising the economy and consumption, in line with the targets set by the European Union as part of the Green Deal and by the national government with the National Recovery and Resilience Plan. These instruments are accompanied by a unique and highly favourable regulatory framework for digital innovation, which has become the strategic axis of all modernisation and growth recovery programmes.

The execution of the Plan, the approach to new reference markets and the change in the business model were also accelerated through a renewal and strengthening of governance. The Chief Executive Officer, Paolo Piccini, who has been entrusted with the challenge of growth in line with the objectives of the Plan, has been joined by the new General Manager, Idilio Ciuffarella, who brings to the company management consolidated skills and a solid professional track record in the technology and innovation sectors.

Lastly, a renewal and strengthening of the company organisation was launched, with the elimination of the three Business Units in favour of a leaner and more efficient structure, based on divisions that respond to customer needs, such as a unified software factory, a centralised project management and solution delivery system, and a strengthened commercial structure.

## **"LEADING THE CLEAN ENERGY TRANSITION: MAIN STRATEGIC OBJECTIVES**

The Plan bases its growth prospects on the integration of *business-as-usual* activities and six new levers for accelerating turnover development, increasing *order intake* and increasing turnover:

### **Partnership with top technology providers**

- Value-added reselling (VAR) of key photovoltaic components (inverters and storage), through the expertise, track record and references of the former TerniEnergia;
- Expansion of the "Virtual Product Portfolio", with a focus on the Energy Intensive and Datacentre Sectors, with the implementation of HW components (UPS and Cooling Systems) which, integrated with the proprietary Supervision and Monitoring System (ER-BEMS, Building Energy Management System), make it possible to offer a bouquet of extended energy efficiency solutions;
- EV Chargers: Industrial support in the development of a complete system of charging stations from high-tech battery charging modules.

### **Partnership with Player/Utility in the Energy and Environment domain**

- Turnkey solutions for Energy Communities (ERCs) with the following activities: Technical/financial/legal consultancy; Business model promotion; SW platform; Micro grid supply in place;

- Solutions for Virtual Power Plant (VPP) and energy resource aggregators to improve energy production, grid flexibility and to exchange or sell energy on the electricity market;
- Cleantech industry digitisation services for the ecological transition, such as - for example - software, platforms and solutions for advanced collection and management services, smart bins, robotics, apps, analytical tools and decision support software;
- Partnerships with the "stewardship" model with companies in the environmental sector with the aim of proposing products to be customised, developing new products and services with costs covered by the partners at advantageous conditions, monitoring opportunities for potential extraordinary operations.

#### **General Contracting**

- Expansion of the pipeline dedicated to activities related to the energy efficiency of buildings with the 110% Superbonus and acceleration of construction sites through an agreement with a commercial/financial partner;
- System Integration for critical infrastructures with implementation of HW and SW dedicated to the digitalisation of services, based on the company's track record (e.g. Caronte & Tourist ticketing terminal)
- Turnkey installation for the reduction and management of energy consumption of energy-hungry companies or complex structures with innovative formulas such as PPAs and CERs (e.g. industrial sites, buildings, public administration).

#### **Revitalisation/Revitalisation of PV business**

- Valuing the solid references (over 400 MW installed) national and international and the value of the brand of the former TerniEnergia, it will be possible to use the subsidiary TerniEnergia Progetti for O&M activities (including PAM/PV Inspector and Sundrone) and for the management of co-development and EPC activities for utility scale plants below 4MW, with facilitated permits and Agrivoltaic.

#### **Internationalisation**

- Process of international expansion of markets through subsidiaries in Greece (strong development and market value of about 5 GW/year) and South Africa (historic market of TerniEnergia with 6 GW/year of new photovoltaic installations), using the commercial presence and high-level project capabilities as business differentiation.

#### **M&A potential**

Acquisition assessments on 3 sectors (alternatively):

- Smart Building/Smart City (System Integration for the Efficiency of Buildings of Highly Energy Intensive Customers)
- Digitisation of Environmental Systems
- Billing (recovery of former Softeco's historic Italian leadership in this sector)

The ongoing evaluations are focused on different realities, in line with the Restructuring Plan and foreseeing the use of the portfolio of treasury shares available to the Company. If the evaluations are not successful, the M&A transactions will be converted into Partnership/Stewardship for the provision of services.

### **"LEADING THE CLEAN ENERGY TRANSITION: THE PLAN IN FIGURES**

alگوWatt expects a significant increase in revenue and profitability by 2024 and, at the same time, a further reduction in NFP.

The Plan estimates a growth in value of production (CAGR 2022-2024) of 5.34%, for approximately €92 million over the three-year period, with intermediate targets of approximately €28 million in 2022, €31 million in 2023, €38 million in 2024, with an increase in revenues deriving from the six new business development levers supporting strategic growth.

Ebitda over the plan period is expected to grow by 9.4%, estimated at approximately Euro 4.5 million in 2022 (Ebitda Margin 16.8%), Euro 5.5 million in 2023 (Ebitda Margin 18.5%) and Euro 6 million (Ebitda Margin 8.8%) in 2024. Ebit will grow at a CAGR of 4.8%, with intermediate targets of approximately €1 million in 2022, €2 million in 2023 and €2.5 million in 2024.

Thanks to the new financial structure, the Net Financial Position will decrease over the period of the Plan with targets of approximately € 12 million in 2022, € 10 million in 2023 and € 7 million in 2024. Shareholders' equity will grow, reaching approximately €12 million in 2022, €13 million in 2023 and €15 million in 2024. The ratios improve significantly: in particular, the NFP/EBITDA ratio will decrease from 1x in 2022, to 0.8x in 2023 and 0.5x in 2024. The NFP/EBITDA ratio will virtuously decrease from 2.7x in 2022, to 1.8x in 2023 to 1.2x in 2024.

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

**alگوWatt (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. alگوWatt 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. alگوWatt is listed on the Euronext Milan market of Borsa Italiana S.p.A..

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