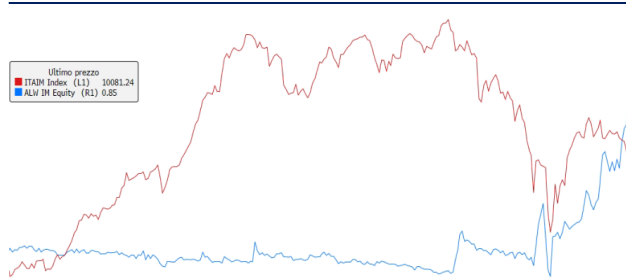


algoWatt	Italy	Euronext Milan	GreenTech
Rating: BUY	Target Price: € 1,40	Initiation of Coverage	Risk: Medium

Stock performance	1 M	3M	6M	1Y
absolute	67,32%	118,51%	125,46%	115,19%
to FTSE AIM Italy	71,58%	126,49%	135,25%	105,32%
to FTSE STAR Italy	73,80%	129,68%	144,94%	116,10%
to FTSE All-Share	70,74%	129,54%	136,92%	117,89%
to EUROSTOXX	71,25%	129,27%	136,98%	122,10%
to MSCI World Index	75,51%	123,39%	136,28%	119,97%

Stocks performance relative to FTSE AIM Italy



Stock Data	
Price	€ 0,85
Target price	€ 1,40
Upside/(Downside) potential	64,6%
Bloomberg Code	ALW IM
Market Cap (€m)	€ 40,03
EV (€m)	€ 52,77
Free Float	55,66%
Share Outstanding	47.089.550
52-week high	€ 0,87
52-week low	€ 0,31
Average daily volumes (3m)	1.300.000

Company Overview

AlgoWatt, GreenTech Solutions Company listed on the Euronext Milan market of Borsa Italiana, is a Company that operates in the design, development, and integration of solutions for the sustainable and socially responsible management of energy and natural resources, providing management and control systems that integrate devices, networks, software and services with a sectoral focus on the areas of digital energy & utilities, smart cities & businesses, and green mobility. The Company, at the head of the homonymous Group, was created from the merger by incorporation into TerniEnergia, a leading company in the renewable energy and environmental industry sector, of Softeco Sismat, a company providing ICT solutions for customers operating in the sectors of energy, mobility, industry, and transport.

Key Financials (€m)	FY21A	FY22E	FY23E	FY24E
VoP	23,0	28,3	31,3	33,3
EBITDA	3,3	4,8	5,8	6,3
EBIT	-3,8	1,1	2,1	2,5
Net Profit	6,6	0,4	1,1	1,4
EPS (€)	0,14	0,01	0,02	0,03
EBITDA margin	14,5%	16,8%	18,5%	18,8%
EBIT margin	-16,4%	3,9%	6,5%	7,4%

Market

The opportunities of energy digitization make algoWatt a strategic player in the production of digital technologies to provide infrastructures for more flexible, smart, connected, and responsive energy systems. The estimated economic impact by 2025 amounts to more than \$1 trillion with about 50 billion devices connected globally. The green energy, enterprise & city, and green mobility markets are all in continuous and strong growth and significant margins for improvement are expected in the coming years.

Main Ratios	FY21A	FY22E	FY23E	FY24E
EV/ EBITDA (x)	15,9	11,1	9,1	8,4
EV/EBIT (x)	N.A.	48,0	25,7	21,5
P/E (x)	6,1	100,1	38,1	29,6

Valuation

We conducted the valuation of algoWatt based on the DCF methodology and the multiples of a comparable Companies sample. The DCF method (which also includes a specific risk of 2.5% for prudential purposes in the calculation of the WACC) returns an equity value equal to € 88.6 million. The equity value of algoWatt using the multiples method, net of a 25% liquidity discount, is equal to € 43.2 million. The result is an average equity value of € 65.9 million; the target price is € 1.40, BUY rating and Medium risk.

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1. Company Overview

1.1 Business activity

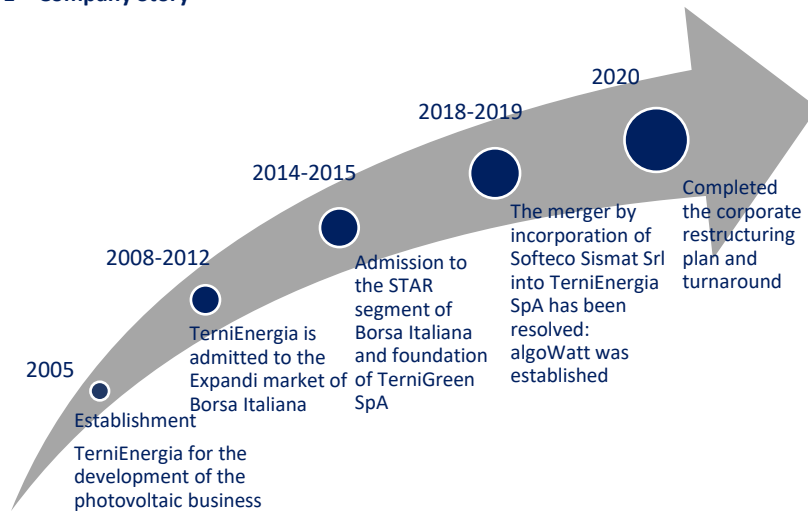
AlgoWatt, GreenTech Solutions Company listed on the electronic stock market (Euronext Milan) of Borsa Italiana, is a Company that operates in the design, development, and integration of solutions for the sustainable and socially responsible management of energy and natural resources, providing management and control systems that integrate devices, networks, software and services with a sectoral focus on the areas of digital energy & utilities, smart cities & enterprises, and green mobility. The Company, at the head of the Industrial Group of the same name, was created from the merger by incorporation into TerniEnergia, a leader company in the renewable energy and environmental industry sector, of Softeco Sismat, a Genoese company providing ICT solutions with over 40 years of experience in the digital sector and for clients operating in the strategic sectors of energy, mobility, industry, and transport.

The merger operation was instrumental in completing an important industrial turnaround plan, aimed at repositioning the company from the pure utility and renewable sector to that of innovative GreenTech solutions, in line with the megatrends that concern the pervasive digitization of all industrial sectors and the ecological and energy transaction. The new core business is characterized by activities that focus on digital solutions for the sustainable economy and digital transformation, based on as-a-service solutions, and by a lean and scalable organizational structure, reducing the capital-intensive activities typical of utilities operating in the energy sector. The breakdown of the company's activities is approximately 90% in software design and development, products and solutions for the energy, utility, mobility, and the remaining part in O&M activities of renewable energy plants.

The Company, based in Milan (MI) and with over 200 employees, is characterized by a strong commitment to environmental sustainability and climate change issues, with particular reference to urban energy and electric mobility. In addition to these main activities, algoWatt also deals with the maintenance and management of photovoltaic systems (Operation & Maintenance) and is equipped with a Research and Innovation center that aims to maintain technological excellence to propose innovative solutions and develop new products to access the markets at a higher rate of development.

1.2 Company History

Chart 1 – Company Story



Source: algoWatt

- **2004:** the company Skill & Trust Consulting constitutes T.E.R.N.I. Research, an incubator of research projects in the scientific and technological sector for small and medium-sized enterprises, institutions, research bodies, and universities;
- **21 September 2005:** T.E.R.N.I. Ricerca e Industrie SpA was established, which becomes a holding company and sole shareholder of all the shareholdings of the subsidiaries and held by other shareholders; within the following year the newly established Group begins the activities of construction of small photovoltaic plants (installation and supply of tools, customers relations and construction and assembly of electrical infrastructures), positioning itself as a system integrator by creating turnkey plants;
- **29 October 2007:** changes the company name to TerniEnergia SpA; subsequently, in July 2008, the company was admitted to listing on the Expandi market of Borsa Italiana;
- **2010:** the foundation of TerniGreen SpA, active in the environmental industry. TerniEnergia, after a capital increase, is admitted to the STAR segment of the MTA market of Borsa Italiana;
- **2011:** TerniGreen SpA is listed on the AIM market (now Euronext Growth Milan), but after only one year it is merged by incorporation into TerniEnergia, with consequent delisting;
- **2011 - 2016:** external growth path pursues. Free Energia SpA is acquired in the energy management sector, New Gas Trade Srl in the dual fuel market, Lucos Alternative Energies (incorporated in 2015) and Greenled Industry in the energy efficiency sector, and TerniEnergia Gas & Power is also incorporated in the energy management sector, and also incorporated into the Parent Company;

- **2016:** acquisition of Softeco Sismat, Salesoft Consulting, and Wisave, companies active respectively in the smart and digital energy sector and the internet of things and energy-saving;
- **2018:** TerniEnergia exits the STAR segment and enters the MTA segment of Borsa Italiana;
- **2019:** the merger by incorporation of Softeco Sismat (which has in the meantime also incorporated Salesoft Consulting) into TerniEnergia was approved: following this operation, in the first months of 2020, the company name was changed and algoWatt, a new One Smart Company, was established; in the same year, the management of the newborn algoWatt prepared a certified plan for the recovery of the company's debt exposure;
- **2021:** the recovery plan was completed, through the conversion of bond debt into PFIs and the disposal of industrial assets no longer instrumental to the activity, now based on the digital market and energy transaction with a transition to an asset-light structure.

1.2.1 The Recovery Plan

In 2019, in the context of a substantial review of its business model and a process of industrial and financial reorganization, the management of the former TerniEnergia prepared a plan for the consolidation of the debt exposure and the rebalancing of its financial situation, according to Article 67, paragraph 3, of the Bankruptcy Law. The plan thus formulated will be called "Plan 19".

A fundamental step for the success of the operation was the signing, in collaboration with all the credit institutions involved, of the so-called "Financial Agreement", concerning the modification of the terms and conditions of repayment of the financial exposure of the lenders towards TerniEnergia, in the stipulation of which the parent Italeaf SpA also participated to take note of the changes made, and negotiate with its banks' negotiations aimed at regulating the situation of financial stress. Following the spread of the Covid-19 health pandemic, however, and the consequent impact in terms of business growth, much lower than expected, as well as a slowdown in the plan to dispose of industrial assets, algoWatt and Italeaf had to update the Recovery Plan by preparing a new industrial plan.

The New Plan, approved in June 2021, is therefore defined as "Plan 21" to replace the previous "Plan 19", and takes into account the exposures of algoWatt and Italeaf, given the existing financial relationships between them. In fact, in August 2020, the Company's management-initiated discussions with the creditors to update and reshape the recovery plan and the related Financial Agreement, to align the operation concerning the new business review in light of the impacts of Covid-19. This new plan aims to restructure the Group's financial debt, which as of 31 December 2020 amounted to € 65.5 million, and to reimburse overdue debts to providers, social security institutions, and the tax authorities.

This refund was only minimally dependent on the Company's prospective cash generation, which remains in the availability of algoWatt to finance its growth, but took place through two pillars:

- Reduction of the Group's Net Financial Position by converting bond debt (equal to € 26.5 million on 31 December 2020) into participatory financial instruments (PFI) and discharge of bank debt by the parent company Italeaf;
- Plan for the disposal of no longer strategic industrial assets by the end of the 2021 fiscal year, to meet commitments towards banks, providers, and tax authorities.

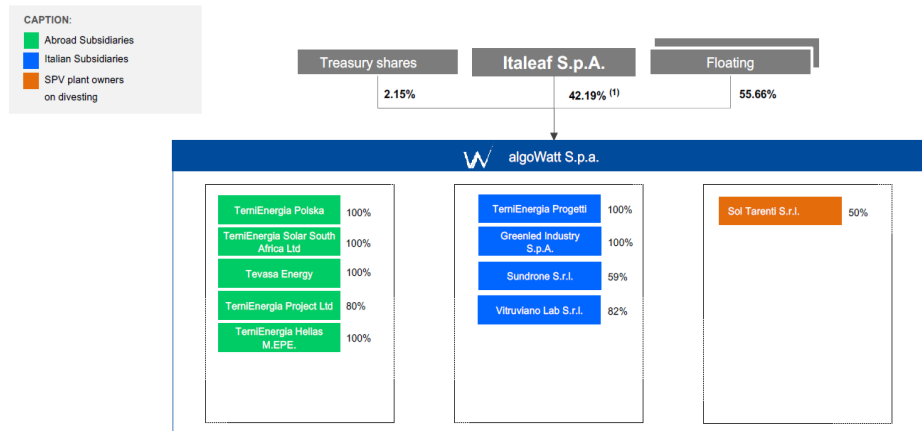
The new Recovery Plan for the debt exposure and the rebalancing of the financial situation was approved on 21 June 2021 by the directors of algoWatt and Italeaf: from July 2021 the envisaged provisions were implemented. Concerning the exposure to bondholders, the issue of Participating financial instruments (PFI) for a total amount of € 29.7 million was confirmed, convertible into 53,526,363 newly issued shares for a unit price of €0.56/s. On the other hand, with regard to the disposal plan, the following disposals were completed::

- Purify Srl purification plant: a joint venture established in 2017 for the business of industrial fluid waste disposal and groundwater remediation;
- ELT treatment plants (end-of-life tires) at the Nera Montoro plant and in Val di Taro;
- Biodigestion and composting plant in Nera Montoro;
- Sardinian greenhouses: a complex of three photovoltaic plants located in Cheremule, Oristano, and Bonnanaro.

The Company has complied with all the deadlines and steps established in the definition of the plan, in addition to having successfully carried out all the assignments planned for the second half of the 2021 fiscal year and the repayment of the interest accrued on the bond loan. On 30 December 2021, algoWatt announced that it had completed the repayment to creditors maturing at the end of the same year, for an overall reduction in financial debt of approximately € 11.0 million, to which were added economic benefits of approximately € 12.8 million relating to the assumption by Italeaf of the guaranteed bank exposures and the € 29.7 million recovered after the delisting of the bond and issuance of the PFIs.

1.3 Shareholders and Group structure

Chart 2 – Group chart



Source: algoWatt

The majority of AlgoWatt's share capital is held by the market, with a market share equal to 55.66%. The remaining part of the shares, excluding 2.15% of ownership shares, is held by the holding company Italeaf SpA, controlled by the chairman Stefano Neri, which holds, in fact, a direct share equal to 0.21% of the total shares, and indirectly 42.19% through the parent company Italeaf, of which it is the main shareholder through Skill & Trust Holding, in which it holds a total shareholding of 62.92%. The shares change considering the percentages relating to the right to vote at the shareholders' meeting: in this case, Italeaf holds control of the Company with 58.38% of the vote, followed by the market with 40.13%.

The algoWatt Group has grown over the years by integrating complementary companies in the various sectors of interest: to date, it boasts a total of more than 200 employees located in different subsidiaries located both in Italy and abroad. The activity is mainly carried out in Italy, where there are seven offices well distributed throughout the territory functional to the development of the company's core business. A strong point is therefore definitely the widespread presence and proximity to clients throughout Italy to intercept the emerging demand for solutions, services, and products related to the new teaching landscape related to energy and ecological transition and digital transformation. As far as foreign subsidiaries are concerned, these are Companies and Joint Ventures active in South Africa, Greece, and Poland for industrial activities in the renewable energy and smart solutions sectors for energy and networks. In addition, algoWatt also owns 3 companies for the fission of photovoltaic plants owned by the Group, for a total of 4.6 MWp, and another Joint Venture with a leading investor and industrial operator, owner of a solar park of 1.4 MWp.

Chart 3 – algoWatt's headquarters and offices



Source: algoWatt

1.4 Corporate Governance

The Board of Directors of algoWatt is composed as follows:

- Stefano Neri is the Chairman of the Board of Directors;
- Paolo Piccini holds the role of Chief Executive Officer;
- Laura Bizzarri is Executive Director and Chief Transformation Officer;
- Mario Marco Molteni has the role of Independent Director;
- Stefania Bertolini has the role of Independent Director.

The Board of Statutory Auditors is composed of:

- Andrea Bellucci, Chairman;
- Simonetta Magni, Auditor in office;
- Mario Chieruzzi, Auditor in office;
- Caterina Bresci and Massimo Pannacci, substitute Auditors.

The process started with the merger of TerniEnergia and Softeco, accompanied by the profound corporate reorganization, which has given rise to an original player for positioning and unprecedented in terms of the business model. The merger operation has produced a greater result than the sum of the two companies: management is strongly committed to accelerating the results, with a new mission that is to enable digital transformation and the energy and ecological transition through intelligent technologies. algoWatt has within itself technical and managerial skills and extensive knowledge of the energy and ICT sector, where its management has held important management roles; in this regard, following the development of the new business plan, it is highlighted that the primary objective of the Company has been to strengthen the governance structure, first with the entry of the new CEO Paolo Piccini and more recently with the entry of the new General Manager Idilio Ciufarella, to bring consolidated skills in the technological and innovation sectors. All new divisions remain under the leadership of the new management and collaborate while maintaining the utmost attention to ESG and sustainability principles.

In terms of business organization, the vertical organization that divided the three Business Units, which have characterized the last years of activity, was eliminated, to favor a leaner and simpler structure, which provides for a new unified software factory, centralized project management, and solution delivery system, and an important strengthening of the commercial structure.

1.5 Key people

Stefano Neri – Chairman of the Board of Directors

He graduated in Law from the University "La Sapienza" in Rome. He is the creator and promoter of the entrepreneurial initiative T.E.R.N.I. Research and is founder and former chairman of the Italeaf Group. He is chairman of Skyrobotic S.p.A., Wisave S.r.l., and Numanova S.p.A. Since 1985 he has worked as a lawyer in the field of administrative law and since 1997, he has been authorized to practice in front of the higher courts. He was a professor in charge of legal matters at the Faculty of Engineering of the University of Perugia. He was an expert legal director to the Minister of the Public Service and for the Coordination of Information and Security Services. He was Vice Chairman of Interpark Servizi per l'Ecologia S.r.l. Agarini Group – Falk Group. He was chairman of the territorial section of Terni of Confindustria Umbria.

Paolo Piccini – Chief Executive Officer (CEO)

Graduated in Electronic Engineering from the University of Genoa in 1985. He has gained 30 years of experience in the fields of ICT, defense, and security, in three important industrial groups: Olivetti, Marconi, and Finmeccanica. In these companies, he holds top positions such as COO, General Manager, and Managing Director, with full responsibility for the income statement. He also gained an excellent international profile, having significant experience in the UK, USA, Russia, Turkey, and the Middle East. He is currently the sole Director of Brightlink S.r.l., a company active in the field of strategic consulting and business development, and of Liguria Digitale S.p.A., an in-house company of the Liguria Region for the Development of the Digital Strategy.

Laura Bizzarri – Managing Director

She holds a degree in Economics and Commerce from the University of Perugia and a Ph.D. in Banking and Finance from the University of Rome Tor Vergata. She carries out her professional activity mainly in the fields of research and development, management of innovative projects, and technology transfer. She has worked in the past, among others, at the University of Perugia, LTM Biotech Ltd, and Confindustria Umbria. Since 27 April 2016, she has been Managing Director of algoWatt and since 31 October 2016 Chief Executive Officer of Softeco Sismat Srl. She also serves as Chief Executive Officer of Skyrobotic SpA and GreenLed SpA.

Mario Marco Molteni – Independent Director

Full Professor of Business Economics at the Catholic University of the Sacred Heart in Milan, where he teaches Corporate Strategy. He founded in 2004 and directed until 2015 ALTIS, the Graduate School Business & Society of the Catholic University, which carries out research and executive training activities in the field of Sustainability, Internationalization of Italian companies in emerging countries, SMEs, and districts, Non-profit, Finance ESG, Public Administration. From 1993 to 2008 he was Scientific Director of ISVI (Institute for Business Values), a research center promoted by universities, companies, banks, and associations. In 2006 he founded, as Scientific Director until 2019, the CSR Manager Network Italy, which gathers sustainability professionals in companies and consulting companies in Italy. Since 29 April 2013, he has been an independent director of algoWatt.

Stefania Bertolini – Independent Director

She graduated in Business Economics from the Luigi Bocconi University in Milan. From 1995 to 2006 she was Operations Manager of ISVI (Institute for Business Values), a research center promoted by universities, companies, banks, and associations. Since 2006 she has been General Director. Since 2001 she has been a lecturer in charge of university teaching and master's degrees at some Italian universities. Since 2005 she has been Managing Director of the high education course "CSR Profession" of ALTIS-Catholic University. Since 2013 she has been General Secretary of the CSR Manager Network. Since 2014 she has been a member of

the Board of Directors of the Costa Crociere Foundation. Since July 2017 she has been a member of the Group Coordinating Committee of ASviS Companies. Since 24 October 2017, she has been an independent director of algoWatt.

Idilio Ciufarella – General Manager

Graduated in Electronic Engineering from the University of Genoa, he specializes in energy management in the United States at the AEE (Association of Energy Engineers). He has thirty years of experience in the energy industry at an international level and is a key opinion leader in the fields of energy efficiency and strategic innovation, as well as having experience as a lecturer in the Master of Facility Management at La Sapienza University in Rome and Bocconi University in Milan.

1.6 Authorizations and Certifications

From the beginning of TerniEnergia's activity, which will become algoWatt in 2020, the quality of the processes is at the base of the Group's reputation, as well as being decisive in client loyalty. Very high standards of controls and production processes are an essential value of the services offered on the market and for this reason algoWatt increases every year the investments aimed at improving the Quality Control system, strengthening its commitment and the competence of its staff.

The skills acquired are documented not only by the track record of personnel and management in the world of energy but also and above all by important qualifications and certifications. In particular, the Company boasts:

- EN ISO 14001:2015 certifies an environmental management system compliant with regulations, with application to the design and installation of lighting systems, maintenance, and monitoring of photovoltaic systems;
- UNI CEI 11352:2014 declares that algoWatt complies with requirements and regulations relating to the provision of energy services, interventions to improve energy efficiency, economic optimization of supply contracts;
- ISO 45001:2018 certifies the methods of development of a Management System for Safety and Health in the workplace, that is, that all the requirements are respected in all the Group's operating offices through systematic controls and knowledge of all the possible risks;
- UNI EN ISO 9001:2015 declares the Company's compliance with the regulatory criteria concerning the design and installation of lighting systems, design and implementation of energy efficiency services, production of organic and inorganic products deriving from recovery processes of out-of-use tires;
- EN ISO 27001:2013 certifies the design, development, installation, maintenance, and technical assistance of software and the provision of IT services.

Although some of the certifications relate to the performance of activities that are no longer central to the Company's business, they nevertheless demonstrate how the growth model of algoWatt is oriented not only towards professionalism, the protection of the health and safety of workers, and respect for the environment.

2. Business Model

The energy sector is crucial for Italy's transition to a green economy, also integrating transport and mobility in this process, precisely through green technological innovation. algoWatt is positioned as an integrator of solutions and providers of proprietary technologies, hardware, and software, able to enable new concepts of energy efficiency in the production and residential sectors. Likewise, the Company supports all the actors of sustainable mobility to build digital platforms of integrated and on-demand services, which allow offering a better and greener travel experience, in addition to being a privileged technological partner of the energy sector in the transition towards the expected impetuous increase of distributed and non-programmable renewable generation and a technological enabler of all emerging and not yet predictable energy uses.

Through its renewed activity and business model, the algoWatt Group operates and offers GreenTech solutions throughout the Italian energy chain, from generation, with control systems for production plants from renewable sources, to transmission and distribution, to better management to efficiently use and value them on the market. To date, the business mainly extends to three different reference markets, which in the past represented different Business Units and are now integrated into single management:

- **Green Energy Utility:** proposes an IT offer dedicated to the energy sector, covering all the needs of the value chain, from distributed and renewable generation to demand response¹, including solutions for the monitoring and control of plants from renewable sources including predictive maintenance, control and defense systems of the national transmission and distribution network, systems for the design and production of NTG remote-control equipment², tools for the management of all aspects of supply and sale of electricity and gas;
- **Operation & Maintenance:** management and maintenance of plants built on the national territory, performance monitoring, and performance and safety guarantee through the use of drones and sensors, big data analysis with predictive corrective purposes. It is part of the Green Energy Utility market;
- **Green Enterprise & City** addresses the enterprise and smart city market with services and tools for diagnostics and remote-control of large electrified transport infrastructures (railways, including high-speed, and undergrounds), remote-control of plants and buildings, management and monitoring systems of environmental plants (waste and water treatment), solutions for energy efficiency of energy-intensive industrial plants, implementation, and management of microgrids and storage systems;
- **Green Mobility** is focused on the new urban mobility sector with software and platforms for fleet management, combined and intermodal mobility systems, management, design, installation, and support for the operation of charging infrastructures for electric vehicles, system integration for embarkation services in ports, monitoring and management of road safety and critical infrastructure (bridges, road sections...).

¹ willingness to reduce or increase its energy consumption in response to peak electricity market demand or supply, receiving remuneration in exchange for this availability.

² National Transmission Grid

2.1 Green Energy Utility

As a green energy utility, algoWatt simplifies the life cycle management of the energy supply chain, offering solutions and services for producers and utilities operating in renewable energy markets including control systems, maintenance for energy production, sales cycle management, and the digitization of electricity transmission and distribution networks.

Chart 4 – Green energy utility model



Source: algoWatt

2.1.1 Distribution of energy

As for the distribution phase, obviously, after those of production and transmission, it consists precisely of the delivery of electricity to the end-user, made through a typical grid infrastructure of electricity distribution. The Group, also before the merger of TerniEnergia and Softeco Sismat and the subsequent revolution of its business, boasts decades of experience in the field of solutions for the management and distribution of energy from renewable and non-renewable sources, also thanks to the close collaboration of its technicians with clients, with whom the Telecontrol system of the Italian distribution network has been created. In this regard, algoWatt offers both applications to support operators in the operation of the distribution network, and information services to support clients of the same network. In particular, the services make it possible to:

- View the topological diagrams in the Remote-Control system;
- Display in real-time the power supply status of the network;
- View the network connection status in real-time;
- Monitor users of Medium and Low Voltage;
- Have access to interface systems between a distribution and remote management systems, to avoid situations of fraud by users;
- Detect line breaks and break-ins.

In addition, as a system integrator, algoWatt provides software applications and services for the planning and maintenance of the distribution chain, in addition to the electronic management of Work Plans and their integration, and systems for monitoring network parameters to ensure a quality of service always maximum. →

2.1.2 Transport of energy

The Company offers high-voltage network monitoring services and the consequent control and remote management activities, through complex real-time control systems for the operation of electrical transmission networks that are entrusted with the management and analysis of data flows from the network so that operators can implement the appropriate control actions. These functions are managed by SCADA EMS (Supervisory Control and Data Acquisition for Energy Management Systems) supervisory software, which implements decision-making algorithms and provides corrective actions to network elements.

2.1.3 Billing & Invoicing

The activity of energy billing allows the complete management of all aspects of the process of supply and sale of electricity and natural gas, offering integrated and innovative solutions also for the control of electricity expenditure and the optimized management of consumption for companies operating in the energy market. This step is fundamental in the Group's strategy, given the strong tendency of the Energy & Utilities sector, as in many other sectors, to give an unprecedented boost to the digitalization of companies, which will necessarily have to face a continuation in a transformation not only technological but also business. This scenario overlaps with the process of liberalization of the gas and electricity markets, which has generated and is still producing profound transformations in the management of companies that provide services in the sector.

AlgoWatt models its offer by seeking and obtaining the best compromise between client personalization needs and its preconfigured packages. algoWatt solutions implement the state of the art of billing solutions, which take into account the complexity and specific needs of companies in the Energy Sector, thanks to strong technical expertise and in-depth knowledge of the processes and businesses of companies in the sector. Among the functions, Measurement, billing, and Client Management are managed through the configuration of the best software solutions with the characteristics most suitable to the needs of enhancement of the entire life cycle of the relationship with the client.

2.1.4 Smart Grid

Smart Grid refers to a model of management of the energy distribution network that adapts autonomously to the conditions of production and consumption, managing energy flows to ensure safety and economy for all the actors of the electrical system.

algoWatt has been operating for years in many of the sectors that contribute to the creation of a Smart Grid and has developed skills both in terms of the aspects of process management and in terms of the technologies to be applied to obtain the adaptive and intelligent behavior required. In the field of electricity distribution and transmission network management, the Company operates on monitoring, control, and supervision, in the remote management of equipment, and through Itaco's solutions, in the monitoring and management of the transmission network.

2.1.5 Operation & Maintenance

The O&M (Operational & Maintenance) activity consists of scheduled interventions for the technical and functional control of the plants and the solution of any faults or damages due to weather phenomena, following the construction of the photovoltaic plant. The Group, and in particular in the years before the merger by incorporation of Softeco Sismat into TerniEnergia, has contributed to the installation of more than 400 MW of new photovoltaic plants in the world, which produce more than 500 million kWh of clean energy; to date, algoWatt manages through the O&M activity about 73 photovoltaic plants for a total of 60 MW of power and holds full possession of 6 photovoltaic plants, in addition to 2 managed by the Italeaf holding company.

The solutions offered to allow the recovery of energy and materials from marginal resources, also thanks to the new municipal solid waste management and composting plants; in particular, vertical services are offered that concern asset supervision, engineering, operation & maintenance that take care of all the activities that concern the technological integration with the electricity network, advanced maintenance, and other insurance and tax services.

Chart 5 – Portfolio O&M



Source: algoWatt

2.2 Green Enterprise & City

AlgoWatt's business extends to the introduction of the digital and sustainable component also in companies and cities, to offer solutions for the flexible and optimized management of energy consumption and for all operators or private individuals who have critical needs for the design, construction, and management of microgrids, railway networks, environmental and/or water systems which physical and IT security is to be guaranteed. In this way, clients can focus on core activities by entrusting professionals with the management of issues related to knowledge, supervision, and process management, thus ensuring compliance with budgets and delivery times.

The Group's sectors of reference concerning the Green Enterprise & City market are oil & gas, industrial automation, and electronic design. The knowledge and experience of the Company, together with the new skills acquired as a result of the merger and the business reorganization processes, and the business plan in the system integration field allow to interconnect the systems dedicated to the production and to create environments for data collection and analysis to increase the performance of the business.

In this regard, algoWatt offers itself as a partner to design Industry 4.0 solutions:

- **Internet of Things:** the network of physical objects that have the technology to detect and transmit information about their state or external environment. IoT is composed of an ecosystem that includes the objects, equipment, and sensors necessary to ensure communications, applications, and systems for data analysis;
- **cloud computing:** allows interoperability of solutions and can give a boost to new digital processes and new ways of interaction between companies, citizens, and PAs;
- **big data and data analytics:** huge amounts of structured and unstructured data are collected and analyzed with tools that transform them into information that can make decision-making processes faster, more flexible, and more efficient. The collection, analysis, and exploitation of this data by companies will be increasingly the basis of decision-making processes and business strategies;
- **augmented reality:** it allows the use of digital technology to add data and information to the vision of reality and facilitate, for example, the selection of products and spare parts, repair activities, and in general any decision relating to the production process;
- **wearable technologies:** wearable technologies are an example of IoT, as they are part of physical objects integrated with electronics, software, sensors, and connectivity to

allow objects to exchange data. New generations of wearable devices, such as smartwatches and bracelets, pedometers, and keychains equipped with sensors can provide valuable support to monitor and intervene in the parameters of comfort, health, and safety in the various places of activity.

Concerning the internet of things, it is the main development factor that contributes to the growth of an economic system that redefines cultural, social, and economic aspects based on the network integration between the real and virtual world. In particular, we talk about enabling network systems and services, communication devices (phones, PCs) and more; the companies of the algoWatt Group are committed to and work on these technologies and with these technologies thanks to the basic knowledge (Human Machine Interface, protocol development, integration of devices, supervision systems,...) and the development of smart solutions integrated into the Energy, Homeland Security, sustainable mobility, info mobility and information to the public.

2.2.1 Industrial Automation

AlgoWatt operates with a highly qualified team in the supervision and management of industrial processes. Concerning supervision, the offer concerns the development of its solutions through the analysis of data from existing supervisory equipment or systems; participation in the development of products and systems designed to make industrial planning and production processes more efficient. Concerning the management of the process, on the other hand, the decades of experience of the group companies allow us to contribute to the analysis and feasibility study by proposing a spectrum of alternative solutions and systems for the most important companies and industrial groups in the energy automation, manufacturing and transport markets.

Plant remote control and process automation have evolved continuously over the last four decades, as a result of the continuous technological innovation that has affected information processing systems and the level of integration achieved by electronics.

The new supervision systems see communication based on fiber optic and/or wireless solutions with new IP technology that enables a capillary level of automation that will favor the spread of new services and allow increasingly efficient management of plants and processes. The Company provides clients with solutions in this area, as the main and historical application area of algoWatt, and this has allowed the Company to:

- cover end-to-end all the skills necessary to carry out a project, including the TLC component;
- ensure compliance with the standards required by the different applications;
- ensure the monitoring of technological scouting concerning applicable market technologies;
- develop specific equipment dedicated to remote control and automation that meets the required standards and performance;
- cover the communication protocol component;
- develop flexible, configurable, and adaptable frameworks for different application areas for the human-machine interface (HMI) component;
- create vertical groups to cover the process skills related to the different industries.

2.2.2 Building Automation

AlgoWatt offers complete and integrated solutions for the supervision and remote control of all technological systems present within a commercial and industrial building, as well as management centers equipped with heterogeneous infrastructures distributed throughout the territory. Through the acquisition and control of data and characteristic measurements, it is possible to perform the following operations:

- Monitoring of air conditioning and refrigeration plants;
- Monitoring and control of electrical and mechanical systems;
- Control of video surveillance and intrusion prevention systems;
- Control of lighting systems;
- Energy management;
- Workspace management;
- Integration with user information systems;
- General control of the building's vital systems to ensure their operation and promptly intervene in the event of a failure or alarm or dangerous situation.

Our proposal focuses on the ADVERTO platform developed by algoWatt to perform advanced BMS functions, also thanks to the experience gained in the world of automation and remote-control of critical systems or thanks to the use of market devices.

2.3 Green Mobility

AlgoWatt offers a suite of solutions for the management, planning, and use of intermodal mobility, integrating local, fixed, and on-call public transport, public, private or shared fleets, road rescue, and port terminals. AlgoWatt guarantees the physical and IT security of critical road networks and creates microgrids and electric mobility systems, serving an increasingly electrified, digital, connected, and sustainable mobility of people and goods.

The smart and efficient management of the mobility of people, goods, and information and the timely control of technological infrastructures operating in the territory are today key factors for the expansion and development of the society in which we live.

In algoWatt, these factors are taken into high consideration in the constant Research and Development activities that see the company as a protagonist of the international forefront for innovation in these areas.

In particular, concerning smart mobility, algoWatt has developed a series of solutions for the organization and management of eco-sustainable services, which favor the reduction of traffic and pollution, reducing energy consumption. The main areas in which it operates are:

- Local Public Transport

Within the solutions for the management of **Local Public Transport** algoWatt has developed a **complete suite of products for the management of road transport services**. For traditional bus services (lines) solutions are available for:

- fleet localization, monitoring, and control of the service;
- service planning;
- certification of the service performed;
- forecast of transit at stops;
- information to users onboard and ashore;
- traffic light priority management;

- diagnostics and telemetry;
- passengers count;
- interaction with third-party systems (ticketing, video surveillance, etc.).

AlgoWatt has also developed innovative solutions for the management of flexible transport, in particular concerning on-demand services and on-demand buses. The solutions for the planning of travel in the territory (multimodal planner) and information to users through different multimedia channels complete the offer in this area:

- intelligent poles and information panels;
- Smartphone APPS;
- SMS & email services.

- Flexible Transports and Smart Mobility

AlgoWatt flexible transport management solutions and Smart Mobility contribute to the growth of sustainable mobility, characterized by reduced energy consumption and air pollution. These objectives are achieved thanks to the specific characteristics of these solutions. Flexible transport services provide for the optimization of routes based on the actual need to move users, minimizing the movement and stay on the road of vehicles (reduction of routes, reduction of consumption, reduction of traffic, reduction of pollution).

AlgoWatt's flexible transport management solutions are used to manage urban, suburban, and extra-suburban services in large cities, small towns, rural areas, and mountain communities. In addition to Local Public Transport services, the AlgoWatt solution suite provides some verticalization for the management of specific services (disabled transport, school transport, smart shuttles).

- Info mobility

Systems that allow improving the usability of the available services, favoring the use of public transport and consequently reducing the use of private means, with a view to environmental sustainability through the reduction of traffic and pollution. The solutions offered include multi-channel platforms for the integration of information, smartphone applications, and variable message panels, on the ground or onboard the vehicle.

- Traffic circulation and Safety

Set of solutions for the management and control of technological infrastructures and traffic circulation, in particular with attention to the issue of safety. Platforms are added on an IP network, able to communicate and interact with different devices, and the management of roadside assistance and accident analysis.

- Logistics

Sustainable goods transport management (urban distribution and supply chain management). The solutions, entirely developed by algoWatt, make it possible to organize an effective sustainable goods transport service by optimizing delivery/collection routes and consequently reducing traffic, pollution, and service management costs. This solution allows limiting access to urban centers for unauthorized goods vehicles (TIR, unregulated vehicles, others) which can unload/load the goods at the Logistics Bases peripheral to the city. In this case, the distribution and collection of goods on the Last Mile are carried out by a dedicated fleet (possibly with a reduced environmental impact, in compliance with the philosophy of sustainable mobility).

- Railways and Undergrounds

Ten years of experience in the field of solving problems in the railway sector and in particular in signaling and electrification of the railway and underground lines, with the management of technological systems and information plants to the public.

- Electric Mobility

Electric mobility is one of the main challenges both for the reduced environmental impact it guarantees and for the natural propensity to insert into a network structure for the optimal management of the various aspects related to mobility in a Smart City context. Integration with the charging infrastructure is in particular one of the decisive aspects for an affirmation as an element to guarantee reliability in the charging process combined with optimal management. AlgoWatt, through its subsidiaries, has the skills and has developed experience and achievements that address the problems posed by the electric car by integrating its management in the context of the charging network and the broader management of urban mobility.

- Charging networks: algoWatt has participated in the development of management systems for Italian charging networks, contributing to their design and development.
- Fleets of electric vehicles: Fleet management systems are also available in a specialized version for the management of electric cars with the possibility of managing autonomy and charging of cars, occupation of charging stations, autonomy, and travel planning.
- Autonomy optimization: algoWatt has developed tools for the optimized management of vehicle autonomy to manage to charge according to current travel needs. Charging needs are planned at the same time as planning the route to be taken, before departure or during the trip. The choice of the route takes into account the charging needs and the reservations of the charging stations are managed to reliably meet the needs of the vehicle.
- Personalized information systems for users of electric vehicles: the management of information to the users of the transport system, both public and private, is an established product of AlgoWatt. One of the features is the ability to manage information specifically dedicated to the use of electric vehicles such as the availability of free charging stations, travel planning according to the availability of charging stations, the estimate of autonomy according to different traffic scenarios, routes, climatic conditions and methods of use of the vehicle, sending information and dedicated warnings.

2.4 Produced portfolio and services

algoWatt is a leader in the development of solutions and systems for the energy supply chain, from production to transmission, to distribution and sales. The offer differs according to the reference markets and includes, among other things, as-a-service services provided through specially developed proprietary platforms.

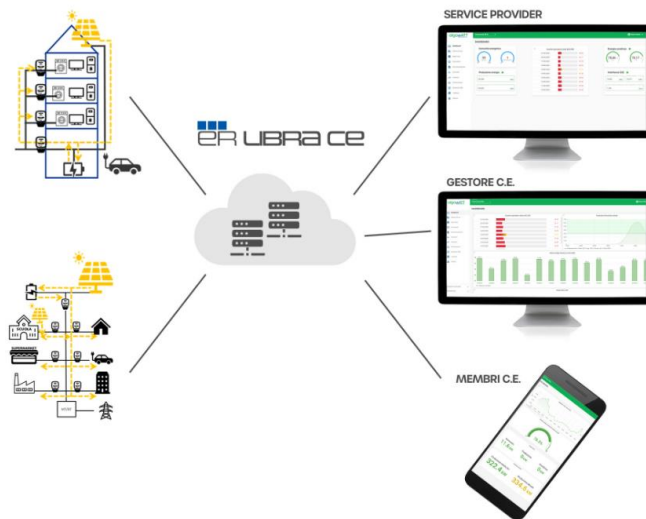
2.4.1 Green Energy Utility

algoWatt is a leader in the development of solutions and systems for the energy supply chain. Provides turnkey solutions for integrated energy systems, critical infrastructure management, and proprietary products or services for monitoring, management, and optimization. In particular, this segment includes:

ER-Libra CE

A cloud solution can offer benefits to participants and the electrical system with the optimized management of energy flows suitable for the management of Self-consumption Groups and Energy Communities.

Chart 6 – ER-Libra CE model



Source: algoWatt

ER-Libra CE, by exploiting the energy generated from local renewable sources, allows to benefit from the shared energy, that is the energy produced and simultaneously consumed by the members of the community. To maximize self-consumption and provide services to the electrical system, the active management of the C.E.'s resources takes place through the analysis and monitoring of consumption and production data, the administrative and economic management of the process, and the management of controls through specific modules and the use of advanced features.

ER-Pam

It represents a complete service in the management of its portfolio of systems already installed or of a new generation through a single platform to reduce costs, optimize yields, increase performance, centralize services, reduce intervention times and make field engineering more efficient.

The platform allows plant interventions and extraordinary maintenance on plants of industrial size, guaranteeing the services provided by Operation & Maintenance contracts (O&M). In addition to the realization of electrical and electromechanical works, algoWatt offers check-ups of systems for revamping and repowering.

ER-Billing – Invoicing & Metering

It represents the solution to speed up the management of multi-utility business processes through a single platform, the tools for the complete management of the electricity and gas billing life cycle.

The platform can manage every single step of the commodity billing process, ideal for multi-utility companies that want tailor-made solutions for their needs, accelerating time to market through dedicated processes. In this way, it is possible to support all the billing processes for each type of electricity and gas supply contract.

ER-Libra

It represents an end-to-end solution for the entire operational process, through a scalable and modular cloud platform for managing service provider operational processes. From the point of view of IT security, the platform adopts the most stringent policies, both from the point of view of the security of the data transmitted and stored and from that of resistance to any cyber-attacks (DoS).

Geo Guard

Innovative end-to-end service for accurate and continuous Geodetic and Environmental monitoring of critical infrastructures and natural hazards.

In particular, environmental threats mainly relate to extreme weather events, landslides, and subsidence or soil uplift due to natural phenomena or due to production activities, such as the production or storage of hydrocarbons.

The areas of measures on critical infrastructure, on the other hand, concern cultural heritage and stadiums, energy (dams for hydroelectric plants, high voltage pylons, wind power plants), transport and storage of hydrocarbons, defense (systems and infrastructure for radio and radar transmissions), telecommunications infrastructure (data transmission supports, cellular communications, and broadcasting), transport (bridges, airports, ports, and railways) and water distribution (water tanks and pipelines).

2.4.2 Green Enterprise & city

ER-BEMS

The modular and multi-context solution, as a Building Energy Management System for the Smart Building. ER-BEMS presents multiple solutions for different systems, such as:

- ER-ESOS II (Energy Smart Optimization System) deals with the control and technical and administrative management of multi-source energy consumption, being a system for monitoring and analyzing the energy consumption of commercial, industrial, and service buildings.
- ER-EDM II is the solution for the analysis of costs and timely verification of the billing of energy expenditure through consumption data from providers and distributors, contractual data, and turnovers acquired by clients.
- ER-ADVERTO II is a system capable of interacting with various devices allowing the integration of technologies. In practice, it is general-purpose supervision and remote-control system for the automation of technological plants.

ER-ESOS II

The Energy Smart Optimization System is used by algoWatt to monitor consumption and energy analysis, providing clients with a tool capable of managing the energy consumption of various users.

ER-EDM Energy Data Manager

The control of electricity expenditure and the optimized management of consumption and supply, on the other hand, is the purpose of the Energy Manager of algoWatt. ER-EDM derives entirely from Energy & Gas Retail, spread among resellers, traders, and multiutility for the management of the sale process of Energy and Gas on the free market. EDM allows for optimizing the administrative process, minimizing the risks of imbalance in the forecasting process of consumption, managing the simulations of the economic scenario, and efficient billing control.

RTU-GO

Hardware technology designed by Selesoft Consulting consists of a Communication and Data Processing module and three different Input/Output modules. RTU-GO, through the acquisition of digital signals, allows the management of multiple connections to multiple supervision centers with different communication protocols. With its small size, the RTU-GO, composed of a CPU with dual-core 32-bit arm architecture managed by an embedded Linux operating system, has been designed to offer products, systems, and integrated solutions for every application needed in the industrial, infrastructure, residential, and utility sectors.

Chart 7 – RTU-GO



Source: algoWatt

2.4.3 Green Mobility

MyMaaS

The integration of transport takes place through the management, planning, and use of intermodal mobility. AlgoWatt from the point of view of smart mobility has created a series of solutions for the organization and management of eco-sustainable services, which promote the reduction of traffic and pollution, as well as reducing energy consumption.

The smart and efficient management of the mobility of people is constantly taken into account by the research and development activity of algoWatt, being a leading company at the forefront of international innovation in these areas.

Personalbus

It is the solution for the management of flexible transport services through integrated optimization algorithms that allow creating dynamic rides and minimum routes to meet users' requests, drastically reducing travel, the number of means used, and the environmental impact.

The PERSONALBUS service is offered through two main modes, i.e., via call center or automatic system (IVR, SMS, web interface, requested by totem, via the on-board terminal, via app). Both modes make it possible to efficiently organize the public transport service both at night and during the day, as well as transport for the disabled and school mobility.

OPPTIMA

The management and satellite monitoring of fleets take place through OPPTIMA, a system that provides for different specializations depending on the type of service to be monitored. Mobility support is enabled by a proprietary platform able to offer multimodal travel planning and multichannel systems for user information.

eMixer

A platform can integrate mobility management systems, which are already present in the territory or for future installation. It has been designed to integrate easily with external systems, acquire information from different management, control, and supervision systems of area mobility, and aggregate and distribute data homogeneously way, facilitating its use by users through different communication channels. The software can acquire information from field sensors, data concentrators, or supervisors already installed and operational, adapting perfectly to any architecture already present in the territory.

TOW Services

A platform for roadside assistance, both in the motorway and on ordinary roads. The system consists of a central component, for the management of requests and the automatic assignment of services, and a peripheral component, for taking charge of missions and operational management in the field. The use is through mobile devices, i.e., industrial handhelds or smartphones and localization devices.

2.5 Research and Innovation

Research and innovation have always had for algoWatt and all the Group Companies multiple functions of great importance. The first objective is to maintain ever-increasing technological excellence, the Group's first growth driver, and subsequently to design, develop and propose increasingly innovative solutions and increasingly efficient products also to access emerging markets with a high rate of development or consolidate the presence in those markets that are already covered. For several years, the Company has reinvested about 10% of its resources and the annual turnover in research activities: participation in new projects and the creation of scientific and technological collaborations also on the international scene are crucial in the development of high-tech products, as well as preliminary conditions to transform innovation into business and new turnover to be reinvested to give life to a virtuous circle. From the 1990s to today, the Group has participated in more than 100 projects in the following sectors:

- energy and environment: study and development of innovative digital technologies serving the energy supply chain (recovery in the green energy utility market) and environmental conservation, monitoring, and protection of the territory and preservation of biodiversity;
- mobility: search for solutions for intelligent transport systems and solutions for sustainable modes;
- digital imaging
- smart factory: the transformation of the production process, design, and maintenance;
- cybersecurity, in collaboration with over 1000 companies and research centers throughout Europe, often also as coordinator of the project itself.

Since its establishment, the Company has invested and worked industrially for the protection and maintenance of the wealth represented by the environment, focusing on the safeguard of the territory, the reduction of land consumption, the recycling, and recovery of material from production processes and production from renewable sources.

2.6 Clients & Providers

The Group's revenues derive, still mainly, from the performance of activities on contract. The market in which the Group operates is characterized by contractual relationships aimed at regulating the terms and conditions of individual projects. Often the duration varies according to the projects themselves, even if clients' loyalty often allows their continuation or automatic renewal. In any case, the Group may be exposed to the risk that the relationships of collaboration with clients may cease or in any case not be renewed. Despite the possible progressive or sudden loss of the pipeline of the main contracts or the inability to attract new clients, it could reduce the Group's competitive capacity.

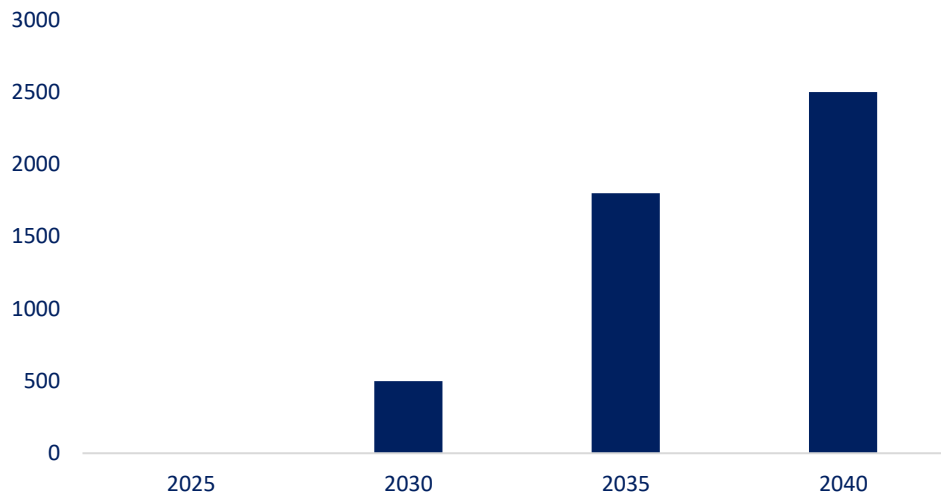
The Group also offers its solutions and services to groups of companies and large companies, so a significant part of the revenues is concentrated on a small number of clients. The Group has not signed long-term agreements with its main clients, or agreements that provide clauses that ensure any protection in favor of the Group in the event of termination of the relationship. Although these are multi-year and loyal relationships (with a high rate of contractual renewal with the main clients), based on a multiplicity of contracts relating to the creation of different solutions, the possible interruption or non-continuation of existing relationships with one or more of the main relevant clients or the loss or decrease of a part of the turnover generated by a relevant client, or the non-payment or delayed payment of the fees due by these clients for the products and services provided by the Group could adversely affect its economic results and its financial balance. To date, there are no significant problems in commercial relations with its clients, nor cancellations of orders by them, due to the COVID-19 epidemiological emergency. The risk factor is mitigated by the experience gained during the multi-year relationship with them, which continues to remain solid and loyal.

3. The market

3.1 Green Energy Utility Market

The opportunities of energy digitization make algoWatt a strategic player in the production of digital technologies for the provision of infrastructures for more flexible, smart, connected, and responsive energy systems. The estimated economic impact by 2025 amounts to more than \$ 1 trillion with about 50 billion devices connected globally.

Chart 8 – Cumulated installed power capacity (GW)



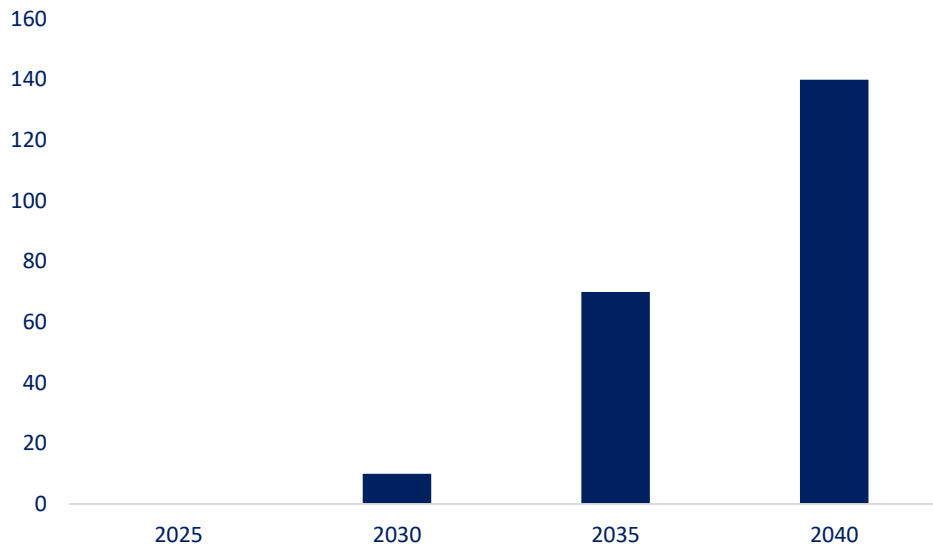
Source: McKinsey & CO. (2021) – Net-zero power, Long duration energy storage for a renewable grid

More specifically, the green energy market is based on maximizing absorption from renewable energy sources through innovative energy storage systems. These tools can store and stock excess production to optimize the efficiency of the power supplies that require fast response times with high power demand in the short to medium term.

The sector, globally, is experiencing a period of robust growth in which total investments of over 3,000 billion US dollars are expected in the coming years, and the installations of new battery energy storage systems in the world will reach, by 2040, levels ranging from 1,500 to 2,500 GW, 100 times the capacity currently installed. From the point of view of the annual potential for accumulation, a change from 85 to 140 TWh is expected, equal to 10.0% of all electricity currently consumed.

The United States is the cornerstone country of this energy revolution. Estimates describe the US as a market leader in which 49% of the installed storage capacity will be allocated together with China and Europe on a residual basis. From a regulatory point of view, the European context is still not aligned between the various member countries, especially in France and Italy, unlike Germany and the United Kingdom.

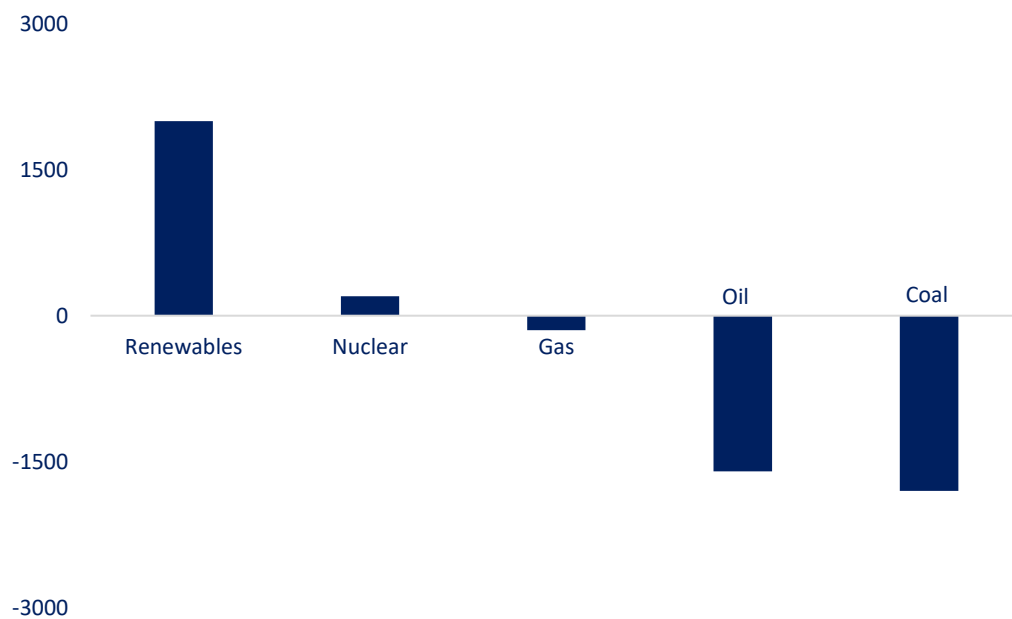
Chart 9 – Cumulated installed energy capacity (TWh)



Source: McKinsey & CO. (2021) – Net-zero power, Long duration energy storage for a renewable grid

In the coming years, as a result of important energy policy guidelines, renewable sources are expected to be significantly replaced by traditional fossil fuels. Compared to energy demand in 2019, 2030 will see a sharp reduction in all traditional energy sources; for renewables, on the other hand, an increase of about 2,000 million tons of oil equivalent is expected. In line with the 2015 Paris Agreements, Europe has foreseen an adaptation plan to achieve climate neutrality by 2050. In addition, the Recovery Plan allocates € 380 billion to incentivize renewable energy projects aimed at reducing the climate impact.

Chart 10 – Change in expected demand 2019-2030 (Mtoe*)



Source: IEA, World Energy Outlook 2020

* million tonnes of oil equivalent. 1toe= 11630kWh

The energy efficiency sector has been the subject of important regulatory interventions that have stimulated its development, including the 110% Super bonus (accessible through algoWatt), the 65% eco-bonus, the 85% earthquake bonus, the 50% restructuring bonus, and the 90% facades bonus, in addition to more than € 28 billion allocated from the RRP (Recovery and Resilience Plan).

3.1. 1. Energy Community

Within the green energy utility market, the association of users is relevant, located in a restricted territorial area aimed at producing and managing locally produced renewable energy that takes the name of Energy Communities, to which algoWatt belongs. The Energy Communities are born as forms of aggregation on a limited territorial basis, aimed at maximizing the use of renewable sources through collective self-consumption also virtual. In fact, users can use for self-consumption the energy of newly built generation plants from renewable sources located near the community. Although participation in the Energy Community is free and revocable, the management of the energy generated by the collective plants is regulated by a contract between the members. It should be pointed out that the market in question has enormous potential; between 2021 and 2025 there will be around 20 thousand new Renewable Energy Communities, with an emissions reduction of 23 million tons for a total business volume of 4 billion euros with incentives of 6.5 billion euros over a twenty-year period.

3.2 Green Enterprise Market & City

Numerous factors are impacting the new development of cities, industrial production, and urban services. For example, it is estimated that the smart factory market will grow with a CAGR of 8.7%, thanks to the growth in productivity and efficiency of technologies. The maximum growth in the smart utility market, on the other hand, forecasts a CAGR of 16.3% by 2025 due to the increase in 5G penetration and the Internet Of Things (IoT). In particular, at the national level in Italy, with the launch of the National Industry 4.0 Plan in 2017, investments mainly focus on predictive maintenance as well as asset and energy management. The industry 4.0 market is estimated to reach € 4.3 billion. Again, the Internet of Things has played the most important role in the transformation of the industry.

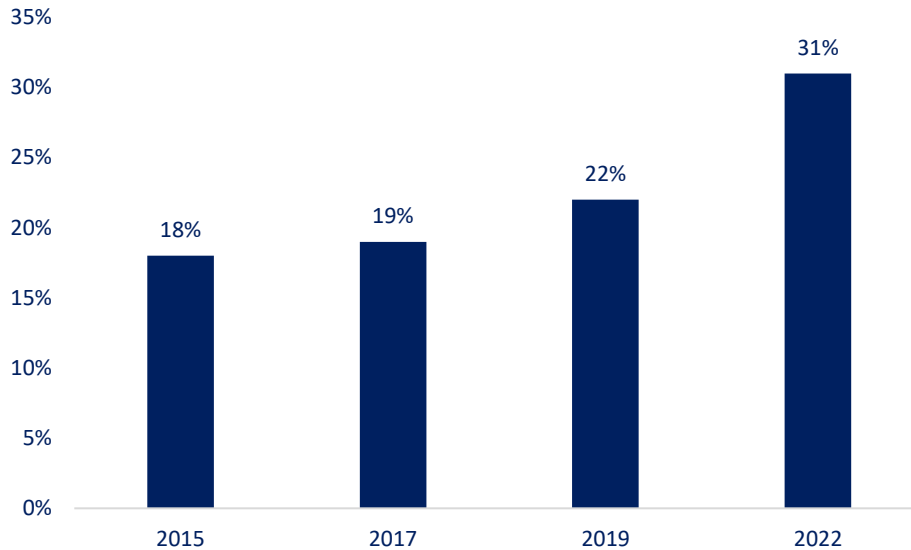
Chart 11 – Italian Market size of Industry 4.0 forecast



Source: Statista

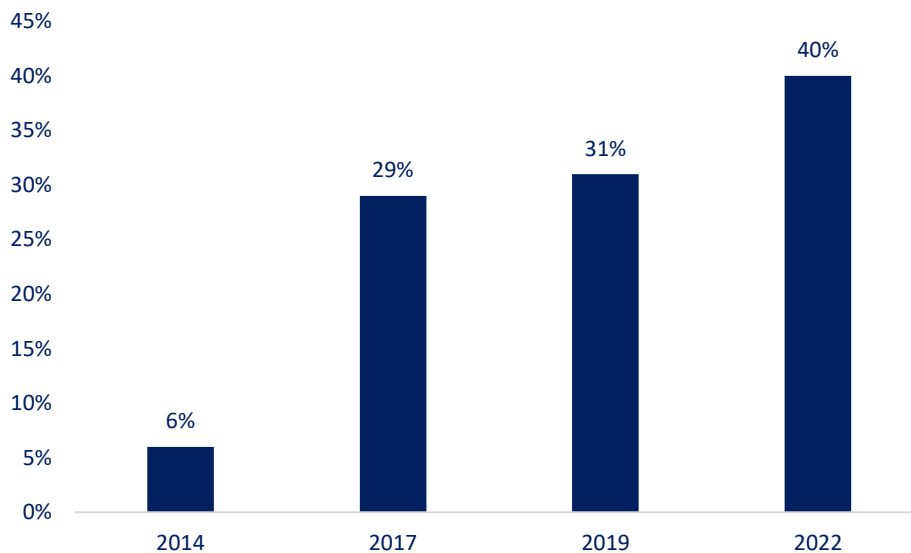
From the perspective of the smart building, estimates indicate a market that will grow at a CAGR of 18.5% by 2025. The prospects of green cities make this market promise well. Not surprisingly, from a statistic of single-family home builders who have dedicated more than 90% of their projects to green buildings in the United States from 2015 to 2022, more than 30% of respondents expected that they would be dedicated to green buildings. 40% of multi-family home builders, on the other hand, expect that more than 90% of their projects will be sustainable.

Chart 12 – Share of sustainable single-family home builders in the U.S. forecast



Source: Statista "Green buildings in the United States"

Chart 13 – Share of sustainable multifamily home builders in the U.S. forecast

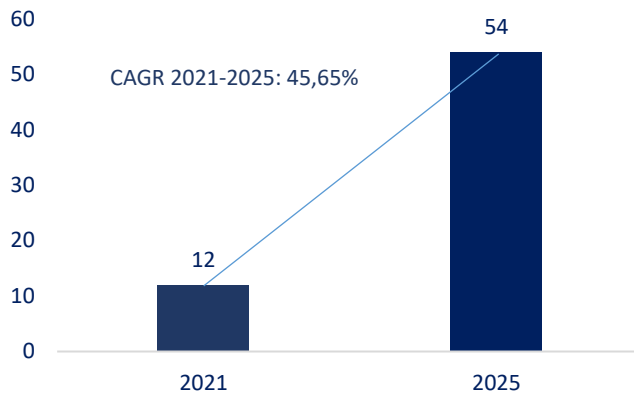


Source: Statista "Green buildings in the United States"

3.3 Green Mobility Market

Concerning the green mobility sector, however, to understand the dynamics of the sustainable mobility market, it is essential to analyze the growth trend of the market, being the main driver on which to rely. Recent national and foreign emission regulations are drawing attention to alternatively powered vehicles with ever lower emissions, such as electric and autonomous cars (i.e., fuel cell electric vehicles and battery electric vehicles). Electric vehicles by 2025 will represent about a quarter of the global market. It is estimated that “pure” battery electric vehicles will represent about 7.4% of global car sales. By 2050, it is also expected that the market share of conventional combustion engines will be reduced to around 20% and that electric vehicles will represent around eight out of ten vehicle sales.

Chart 14 – Global electric vehicle size 2021-2025

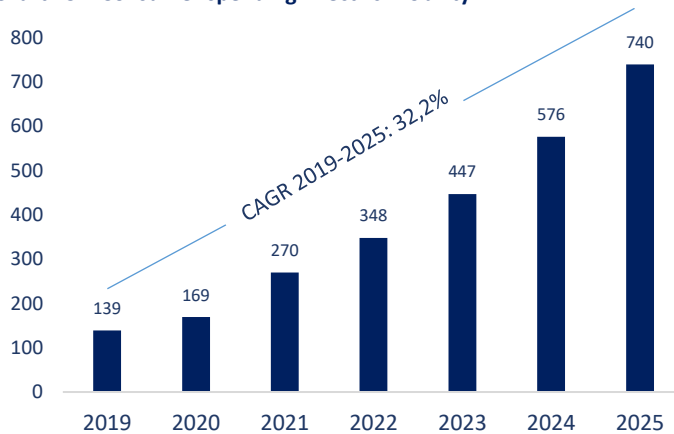


Source: Statista "Automotive electronics worldwide"

It is also expected that there will be 54 million electric vehicles by 2025, compared to about 12 million units estimated in 2021 (CAGR 2021-2025: 45.65%).

The production of electric cars in 2025 is expected to generate revenue growth of 32.2% per year, as represented by the graphic below representative of the size of the joint market, in billions of US dollars, in Europe, Asia, the Americas, Africa, Australia, and Oceania.

Chart 15 – Consumer spending: Electric Mobility



Source: Statista Mobility Market Outlook 2021

4. Competitive positioning

The main competitors of algoWatt are the major players in the global market, both in the energy markets from renewable sources (photovoltaic park operators, aggregators, resellers of technical components, and storage systems) but above all concerning the other system integrators that position themselves as platforms for integrating innovative sustainable services, such as green mobility, which is expanding in the medium to long term, and industry 4.0, in addition to the whole set of solutions for energy management and performance optimization for utility clients.

Table 1 – algoWatt competitors

	VoP	EBITDA	EBITDA %	EBIT	EBIT %	Net Income	Net Income %	NFP	NFP/EBITDA
€/mln	2021	2021	2021	2021	2021	2021	2021	2021	2021
Itron	1741,70	101,28	5,8%	-69,72	-4,0%	-68,84	-4,0%	404,43	3,99x
Altus Power	63,13	36,05	57,1%	29,93	47,4%	11,43	18,1%	461,43	12,80x
Innovatec	237,78	32,90	13,8%	10,73	4,5%	6,24	2,6%	10,04	0,31x
PSI Software	248,39	36,85	14,8%	23,81	9,6%	15,84	6,4%	20,93	0,57x
Reply	1483,80	260,00	17,5%	209,28	14,1%	152,41	10,3%	193,21	0,74x
MEDIAN	248,39	36,85	14,8%	23,81	14,3%	11,43	6,4%	193,21	0,74x
algoWatt	22,95	3,32	14,5%	-3,75	-16,4%	6,57	28,6%	12,75	3,84x

Source: Orbis

The competitors of algoWatt, concerning the energy and sustainability markets, in addition to the IT services activity, are:

- Itron, a multinational technology and services company, provides end-to-end solutions that help manage energy, water, and smart city operations worldwide;
- Altus Power: a company specializing in the supply of data-driven systems for the self-production of energy from renewable sources;
- Innovatec: the holding of a Group integrated into Clean Technology, a set of technologies that develop processes, products, or services that reduce environmental impacts;
- PSI Software: develops and sells systems and software products for energy supply, production, infrastructure, software technology, internet applications, and business consulting worldwide;
- Reply: a network model of companies that support the main industrial groups in the definition and development of business models enabled by the new technological and communication paradigms, such as AI, big data, cloud computing, digital communication, and the Internet of Things.

All the companies listed are positioned as system integrators and operators of the digital market, mainly concerning the energy market. It can be seen that the average value of production is about ten times higher than that of AlgoWatt, an indicator of the significant difference in terms of size and international presence, although in terms of marginality this difference seems to align.

4.1 SWOT

Strengths:

- Offering innovative solutions in the rapidly expanding green and urban energy market;
- Consolidation of the business model based on the as-a-service model;
- Over 40 years of experience in the sector, consolidated track record both at Group and management level;
- Excellent positioning on the national market and strong growth opportunities in international markets (business scalability);
- Know-how in collaboration with extensive research and development activities;

Weaknesses:

- Reduced size compared to large operators at the international level;

Opportunities:

- State (RRP) and European investments in support of renewable energy production;
- Opening of a new headquarters in Dubai to cover the market in the Middle East;
- Starting collaborations with important operators for the production of trackers;
- Possibility of development of the revamping division for the restructuring of obsolete plants;
- Reducing raw material and transport prices and increasing profitability;
- Collaboration with various centers and universities for research and development activities and diversification into new green technologies.

Threats:

- Entry of new operators into the market;
- The difficulty of international expansion due to the presence of large foreign operators;
- Dependence on the legislative scenario and incentives.

5. Economics & Financials

Table 2 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mIn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenues	16,49	16,58	25,85	28,90	30,75
Other Revenues	2,78	6,37	2,40	2,40	2,50
Value of Production	19,27	22,95	28,25	31,30	33,25
COGS	0,40	0,51	0,60	0,65	0,70
Services	5,67	5,97	7,20	7,85	8,25
Employees	13,08	12,54	15,00	16,25	17,25
Other Operating Expenses	0,97	0,60	0,70	0,75	0,80
EBITDA	-0,86	3,32	4,75	5,80	6,25
<i>EBITDA Margin</i>	<i>-4,5%</i>	<i>14,5%</i>	<i>16,8%</i>	<i>18,5%</i>	<i>18,8%</i>
D&A	1,98	7,07	3,65	3,75	3,80
EBIT	-2,84	-3,75	1,10	2,05	2,45
<i>EBIT Margin</i>	<i>-14,7%</i>	<i>-16,4%</i>	<i>3,9%</i>	<i>6,5%</i>	<i>7,4%</i>
Financial Management	(2,54)	12,34	(0,50)	(0,50)	(0,50)
EBT	-5,38	8,59	0,60	1,55	1,95
Taxes	0,23	0,11	0,20	0,50	0,60
Discontinued Operations	-0,41	-1,91	0,00	0,00	0,00
Net Income	(6,03)	6,57	0,40	1,05	1,35
Minorities Net Income	(0,03)	(0,04)	0,00	0,00	0,00

CONSOLIDATED BALANCE SHEET (€/mIn)	FY20A	FY21A	FY22E	FY23E	FY24E
Fixed Asset	47,35	42,32	41,00	39,80	38,80
Account receivable	19,61	22,98	28,00	29,00	30,00
Inventories	6,79	7,99	10,00	11,20	11,50
Account payable	26,52	29,88	35,00	36,00	37,00
Operating Working Capital	(0,12)	1,09	3,00	4,20	4,50
Other Receivable	58,54	10,28	11,20	11,80	12,10
Other Payable	56,60	23,44	25,00	26,00	27,00
Net Working Capital	1,83	(12,08)	(10,80)	(10,00)	(10,40)
Severance Indemnities & Provision	5,33	5,39	5,70	6,00	6,20
NET INVESTED CAPITAL	43,84	24,86	24,50	23,80	22,20
Share Capital	12,28	12,28	12,28	12,28	12,28
Reserves and Retained Profits	(27,91)	(5,92)	0,69	1,09	2,14
Net Profit	(6,01)	6,61	0,40	1,05	1,35
Equity	(21,64)	12,97	13,37	14,42	15,77
Minorities Equity	(0,03)	(0,86)	(1,00)	(1,00)	(1,00)
Cash and Cash Equivalent	1,97	2,62	1,97	2,82	4,37
Short-Term Financial debt	66,75	3,02	2,60	2,20	1,80
ML Term Financial Debt	0,72	12,34	11,50	11,00	10,00
Net Financial Position	65,51	12,75	12,13	10,38	7,43
TOTAL SOURCES	43,84	24,86	24,50	23,80	22,20

CONSOLIDATED CASH FLOW (€/mIn)	FY20A	FY21A	FY22E	FY23E	FY24E
EBIT	(2,84)	(3,75)	1,10	2,05	2,45
Discontinued Operations	(0,41)	(1,91)	0,00	0,00	0,00
Taxes	0,23	0,11	0,20	0,50	0,60
NOPAT	(3,49)	(5,77)	0,90	1,55	1,85
D&A	1,98	7,07	3,65	3,75	3,80
Change in receivable	(0,93)	(3,37)	(5,02)	(1,00)	(1,00)
Change in Inventories	0,51	(1,20)	(2,01)	(1,20)	(0,30)
Change in payable	(1,15)	3,36	5,12	1,00	1,00
Other Changes	(1,75)	15,11	0,63	0,40	0,70
Change in NWC	(3,33)	13,91	(1,28)	(0,80)	0,40
Change in Provision	(0,62)	0,05	0,31	0,30	0,20
OPERATING CASH FLOW	(5,45)	15,26	3,58	4,80	6,25
Investments	1,6	(2,1)	(2,3)	(2,6)	(2,8)
FREE CASH FLOW	(3,85)	13,21	1,26	2,25	3,45
Financial Management	(2,54)	12,34	(0,50)	(0,50)	(0,50)
Change in Payable to Banks	1,11	(52,10)	(1,27)	(0,90)	(1,40)
Change in Equity	4,07	27,21	(0,14)	0,00	0,00
FREE CASH FLOW TO EQUITY (FCFE)	(1,22)	0,66	(0,65)	0,85	1,55

Source: Integrae SIM processing

5.1 FY21A Results

In the financial statements as of 31 December 2021, the AlgoWatt Group generated a consolidated value of production that reaches a value of € 22.95 million, registering an increase of 19.1% compared to the FY20A figure, equal to € 19.27 million. The growth, with the same sales revenues between the two fiscal years, mainly concerns the increase in the item other revenues, amounting to € 6.37 million in the fiscal year just ended, which mainly concerned a part of capitalizations on projects developed with internal resources, together with extraction of debts with a subsidiary, as a result of the restructuring agreement with the leasing creditor company of the same.

The 2021 fiscal year was characterized by the completion of the process of drafting, approving, and executing the new version of the Recovery Plan and the related Financial Agreement with the creditors: the Group gave priority to setting up and affirming the new light asset business model, eliminating the division into three business units to optimize management, and the new corporate organization, oriented towards proximity to clients and new software factory structures and centralized process management. In particular, the strategic choice to strengthen activities aimed at supporting the new models of economic transformation, based on digital and energy transition, as well as on the sustainable use of resources, which can effectively counter climate change and which are at the heart of the recovery programs of institutions around the world, investors and businesses, was confirmed.

EBITDA, equal to € 3.32 million, saw a sharp increase compared to the previous fiscal year, in which a negative figure of € 0.86 million had been recorded, mainly thanks to the extraordinary impacts listed above; the EBITDA margin, consequently, reached a share equal to 14.5%. 2021 was still conditioned by the second wave of the pandemic emergency, which slowed down the process of acquiring new clients and new orders, and above all by the uncertainty relating to the rehabilitation and resolution of the state of financial tension.

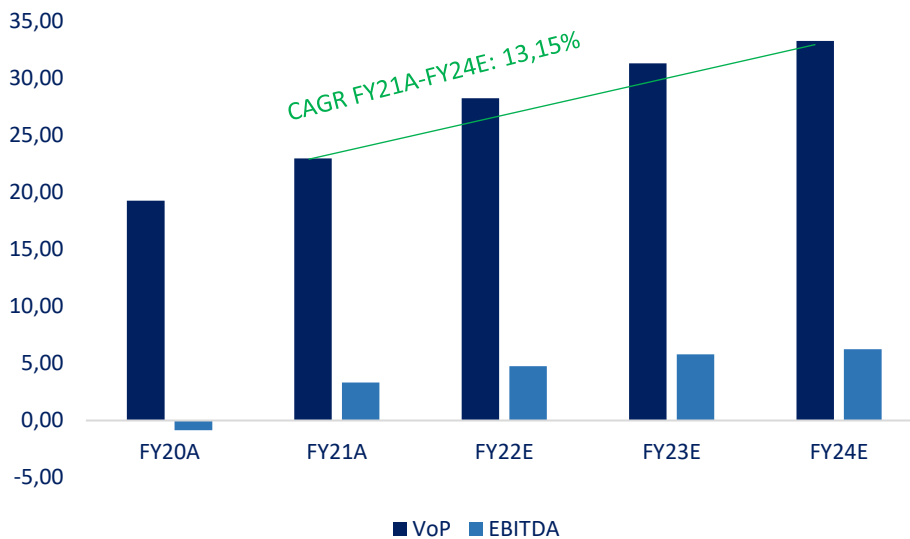
EBIT, on the other hand, saw a worsening compared to the 2020 fiscal year, amounting to a negative value of -€ 3.75 million, mainly attributable to an extraordinary increase in item amortization and depreciation (equal to € 7.07 million) for approximately € 2.7 million.

On the other hand, Net Income is growing strongly, despite the negative value of EBIT, due to incomes deriving from the recognition of financial proceeds of approximately € 14.1 million relating to the restructuring agreement with banks and bondholders and the consequent removal of some financial debts.

The most important figure is certainly that of the NFP, which following the completion of the financial agreement approved in July 2021 and implemented in the second half of the fiscal year, allowed a more than significant reduction, from a value of € 65.51 million on 31 December 2020, to the value of € 12.75 million recorded in the 2021 fiscal year. This reduction is due, in particular, to the recognition of the effects of the discharge by the parent Italeaf of the Guaranteed Exposures (for € 12.8 million), and for the benefit deriving from the conversion of part of the financial debt into Participatory Financial Instruments (PFI) for a total of € 29.7 million. In addition, the payment of € 11.0 million to the creditors was completed as expected thanks to the liquidity obtained through the disposal of assets no longer strategic for the Group's activity and the recognition of an excerpt on the remaining part of the debt.

5.1 FY22E – FY24E Estimates

Chart 16 – VoP and EBITDA FY20A-24E



Source: Integrae SIM processing

For the coming years, in line with the new business plan published by the Company, we expect an increase in the value of production from € 22.95 million achieved in the fiscal year just ended to € 28.25 million planned for FY22E, to reach a value equal to € 33.25 million in FY24E, for a CAGR for the period FY21E-FY24E equal to 13.15%. The Group has planned to take advantage of the strong growth expected for the reference market in the coming years and the slowdown in the spread of the Covid-19 pandemic, after the acceleration of vaccination campaigns.

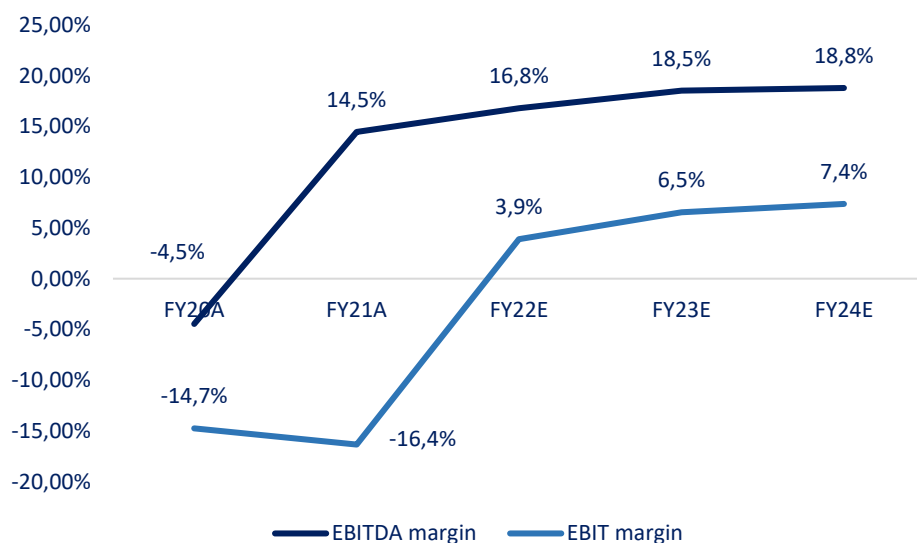
AlgoWatt's offer is in the wake of the most relevant megatrends in the energy market value chain, including the digitization of production, transmission, and distribution and the affirmation of the distributed energy model driven by migration towards renewables, attention to energy efficiency, and sustainable use of resources, smart cities, and sustainable mobility. The industrial objectives of AlgoWatt also appear to be fully consistent with the objectives of decarbonization of the economy and consumption, in line with the targets set by the European Union within the framework of the Green Deal and by the National Government with the National Recovery and Resilience Plan. These instruments go hand in hand with a single and highly favorable regulatory framework for digital innovation, which has become the strategic axis of all programs for modernizing and boosting growth.

In particular, the Company has identified several strategic guidelines for the propulsion of the business and its repositioning. These include:

- Partnership with top-class technology providers:** the Company has signed a memorandum of understanding with a world-class technology provider, which will allow it to have the necessary hardware to implement new projects and solutions. In this way, algoWatt will complete its transformation into value-added resellers of components of the photovoltaic world, such as inverters and storage systems. Secondly, Algowatt will focus on the strategic sector and energy consumption of data centres in which it offers building energy management system solutions and artificial intelligence. The Company is also taking steps to provide industrial support in the construction of a complete system of charging columns starting from high-tech charging modules;

- **Partnerships with operators in the energy market:** they allow the opportunity provided by the liberalization of the energy market to be seized, promoting the development of energy communities, one of the most promising sectors due to incentives and also the possibility of autoionizing and sharing energy needs within the urban perimeters set by the legislation. These agreements also concern the development of Virtual Power Plant solutions (VPP), to improve energy production and network flexibility, digitization services for the ecological transition, and stewardship model partnerships with companies in the environmental sector to propose new products and monitor new opportunities;
- **General contracting** in turnkey solutions, i.e., expansion of the 110% Super bonus activities pipeline, in which the Company is already active. In addition, the construction of infrastructures of high criticality dedicated to the digitization of services and the turnkey installation for the reduction and management of energy consumption of energy-intensive companies are expected;
- **Revitalization of the PV business,** enhancing the solid national and international track record and the value of the TerniEnergia brand, to continue O&M activities and expand the management of co-development and EPC activities for small plants;
- **Internationalization,** through expansion in the markets via subsidiaries in Greece and South Africa using the important and renewed commercial presence and high-level design capabilities.

Chart 17 – EBITDA% and EBIT% FY20A-24E

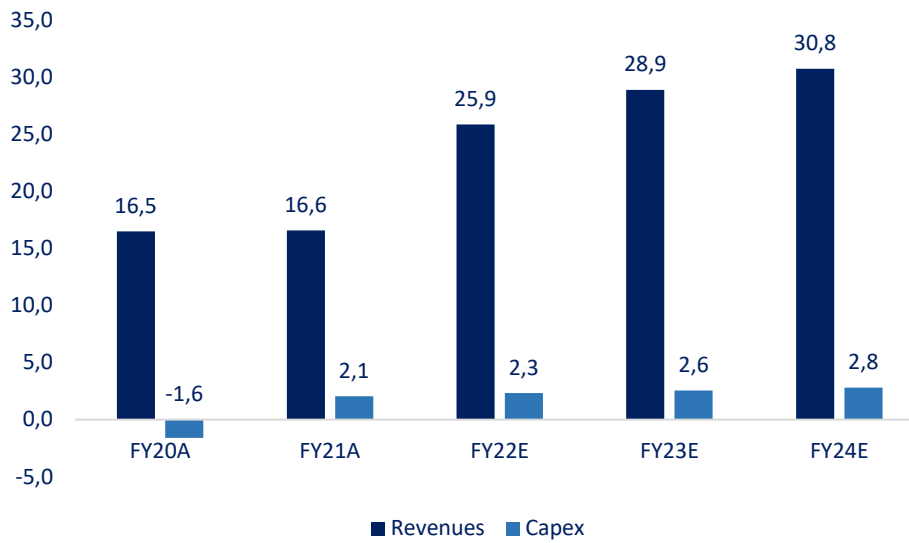


Source: Integrae SIM processing

In terms of marginality, based on the values recorded in the 2021 fiscal year, an EBITDA value is expected to grow in the long term, from € 3.32 million in FY21A to € 4.75 million expected for the 2022 fiscal year, and then consolidate to € 6.25 million expected for FY24E. These values correspond to an EBITDA margin of 14.5% in FY21A expected to grow in FY22E up to 16.8%, growth that precisely remains constant until the end of the plan years until reaching a marginality of 18.8%.

The increase can be traced back to the increasing effectiveness of the new industrial plan approved in the first months of 2022, which will give a significant boost to the company's organization and the efficiency of the services offered which will be increasingly profitable.

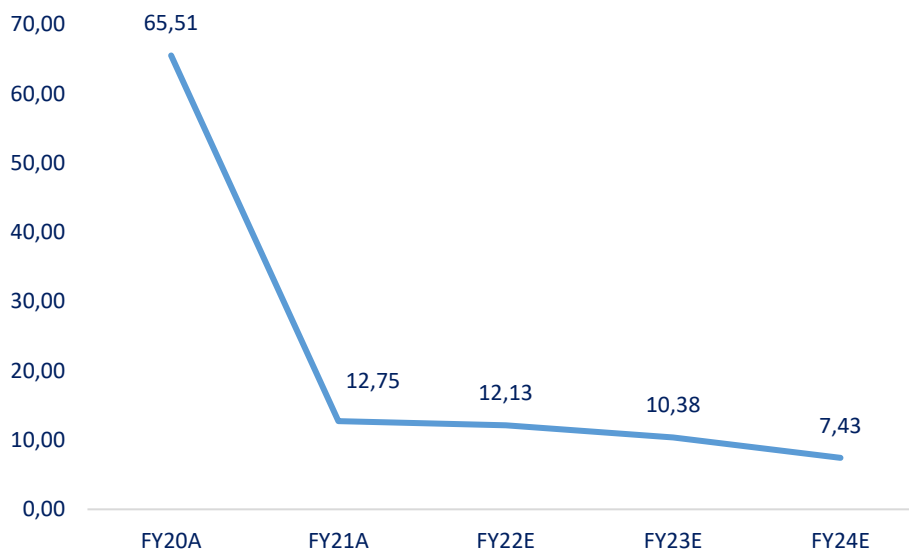
Chart 18 – Revenues, Capex FY20A-24E



Source: Integrae SIM processing

At the Capex level, we believe that the Group will continue, over the years of the plan, in its investments program for the development and improvement of its technologies and its portfolio of products and services, to strengthen the commercial and organizational structure and above all in research and innovation activities in the reference markets.

Chart 19- NFP FY20A-24E



Source: Integrae SIM processing

At the NFP level, following the success of the Recovery Plan and the Financial Agreement, there will be a further decrease in the plan period, with a target of approximately € 7.43 million in FY24E that can be achieved thanks to the cash generation deriving from the ordinary operations.

6. Valuation

We have conducted the valuation of the algoWatt equity range based on the DCF methodology and market multiples of a comparable Companies sample.

6.1 DCF Method

Table 3 – WACC

WACC		4,81%
Risk Free Rate	0,78% α (specific risk)	2,50%
Market Premium	6,42% Beta Adjusted	0,81
D/E (average)	122,22% Beta Relevered	1,53
Ke	8,49% Kd	2,50%

Source: Integrae SIM

In particular:

- The Risk-Free Rate represented by Rendistato of March 2022 with maturity between 3 years and 7 months and 4 years and 6 months;
- The Market Premium coincides with the premium for the Italian market risk calculated by Professor A. Damodaran;
- D/E was calculated based on estimates made by Integrae SIM;
- Ke was calculated using CAPM;
- The Alfa, i.e., specific additional risk, is typical of equity investments in companies characterized by small-scale operations. As we are dealing with small sizes, the small-cap risk premium applied was equal to 2.5%, the average value of those suggested by the main studies carried out in this field (Massari Zanetti, 'Valutazione Finanziaria' (Financial Valuation'), McGraw-Hill, 2004, page 145, A. Damodaran, Cost of Equity and Small Cap Premium in Investment Valuation, Tools and Techniques for Determining the Value of Any Assets, III edition 2012, Guatri Bini, 'Nuovo Trattato sulla Valutazione delle Aziende' (New Insights on Corporate Valuation), 2009, page 236);
- The Beta was calculated based on competitors' 5-year unlevered Beta;
- Kd coincides with the Company's current debt cost.

These figures result in a WACC of 4,81%.

Table 4 – DCF Valuation

DCF Equity Value		88,6
FCFO actualized	7,3	7%
TV actualized DCF	94,0	93%
Enterprise Value	101,3	100%
NFP (FY19E)	12,7	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of € 88.6 million.**

Table 5 – Equity Value – Sensitivity Analysis

		WACC						
		3,3%	3,8%	4,3%	4,8%	5,3%	5,8%	6,3%
Growth rate (g)	2,5%	452,1	274,5	194,8	149,5	120,4	100,0	85,0
	2,0%	278,1	197,3	151,5	122,0	101,4	86,1	74,5
	1,5%	200,0	153,5	123,6	102,7	87,3	75,5	66,1
	1,0%	155,6	125,3	104,2	88,6	76,6	67,1	59,4
	0,5%	127,0	105,6	89,8	77,7	68,0	60,2	53,8
	0,0%	107,1	91,1	78,8	69,0	61,1	54,6	49,1
	-0,5%	92,3	79,9	70,0	62,0	55,4	49,8	45,1

Source: Integrae SIM

6.2 Market Multiples

6.2.1 Panel composition

- **Sweco AB (Sweden)**

Sweco AB (publ) provides consulting services in engineering, environmental technology, and architecture fields worldwide. The company undertakes culture, leisure, sports, education, interior architecture, office, landscape architecture, visualization, urban development, infrastructure, housing, lighting design, cultural environment, retail and commercial, healthcare, and industry projects. It also provides renewable fuels, combined heating and power, dams, due diligence, district heating and cooling, electrical power, electricity distribution, energy efficiency enhancement, energy market and strategy, energy storage, hydropower, power transmission, solar energy, and wind power energy systems. Sweco AB (publ) is headquartered in Stockholm, Sweden.

- **Enersense International Oyj (Finland)**

Enersense International Oyj, together with its subsidiaries, provides emission-free energy solutions in Finland and internationally. The company operates through four segments: Smart Industry, Power, Connectivity, and International Operations. It develops digital solutions for productivity; offers maintenance and operation services for the production facilities; and provides resourcing, contracting, and subcontracting chain management services. Enersense International Oyj was founded in 2005 and is headquartered in Pori, Finland.

- **Innovatec SpA (Italy)**

Innovatec S.p.A. provides technologies, products, and services in the areas of energy efficiency and energy storage in Italy. It operates in the renewable energy sector serving corporate and retail customers. The company is based in Milan, Italy. Innovatec S.p.A. is a subsidiary of Gruppo Waste Italia S.p.A.

- **Itron (USA)**

Itron is an American technology company that offers products and services on energy and water resource management. Its headquarters is in Liberty Lake, Washington, United States. Its products are related to smart grid, smart gas and smart water that measure and analyze electricity, gas and water consumption. Its products include electricity, gas, water and thermal energy measurement devices and control technology; communications systems; software; as well as managed and consulting services. Itron has over 8,000 customers in more than 100 countries.

- **PSI Software Ag (Germany)**

PSI Software AG develops and sells systems and software products for energy supply, production, infrastructure, software technology, internet applications and business consulting worldwide. The company operates through two segments, Energy Management and Production Management. The Energy Management segment provides intelligent solutions for utilities in the electricity, gas, oil, and water sectors, as well as the district heating industry. The Production Management segment offers products and software solutions for planning and controlling production processes in metal production, logistics, mechanical engineering, and automotive manufacturing. The company also offers a range of data processing services, sells

electronic equipment, and operates data processing systems. PSI Software AG was founded in 1969 and is headquartered in Berlin, Germany.

- **Reply AB (Italy)**

Reply S.p.A. provides consulting, system integration, application management, and business process outsourcing services in Italy and internationally. The company concepts, designs, develops, and implements solutions based on communication channels and digital media. It serves automotive, energy and utilities, financial services, logistics and manufacturing, public sector and healthcare, retail and consumer products, and telco and media industries. The company has a strategic collaboration agreement with Amazon Web Services. Reply S.p.A. was founded in 1995 and is headquartered in Turin, Italy.

6.2.2 Multiples Method

Table 7 – Market Multiples

Company Name	EV / EBITDA (x)		
	FY22E	FY23E	FY24E
SWECO AB	20,4	19,2	18,4
Enersense International Oyj	6,6	5,1	5,1
Innovatec SpA	5,6	4,5	3,8
Itron Inc.	19,1	10,7	8,3
PSI Software AG	14,2	12,5	11,2
Reply S.p.A.	17,3	15,7	14,7
Median	15,8	11,6	9,7

Source: Infionals

Table 8 – Market Multiples Valuation

€/mln	FY22E	FY23E	FY24E
EV/EBITDA			
Enterprise Value (EV)	74,8	67,3	60,8
Equity Value	62,7	56,9	53,4
Equity Value post 25% discount	47,0	42,7	40,0

Source: Integrae SIM processing

The equity value of algoWatt, using the market multiple EV/EBITDA of the Panel, is equal to approximately € 57.7 million. To this value, we have applied a discount of 25% in order to include in the price also the smaller liquidity that presumably will characterize the algoWatt security in comparison with the comparables: **as a result, the equity value is equal to € 43.2 million.**

7. Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	65,9
Equity Value DCF (€/mln)	88,6
Equity Value multiples (€/mln)	43,2
Target Price (€)	1,40

Source: Integrae SIM

The result is an average equity value of approx. € 65.9 million. **The target price is, therefore, € 1.40, BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	16,6x	13,6x	12,6x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	11,1x	9,1x	8,4x

Source: Integrae SIM

Table 12 – Implied Sensitivity Analysis

Equity Value (€/mln)	EV/EBITDA		
	FY22E	FY23E	FY24E
62,9	15,9x	13,0x	12,1x
63,9	16,1x	13,2x	12,3x
64,9	16,3x	13,4x	12,4x
65,9	16,6x	13,6x	12,6x
66,9	16,8x	13,7x	12,7x
67,9	17,0x	13,9x	12,9x
68,9	17,2x	14,1x	13,1x

Source: Integrae SIM

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Date	Price	Recommendation	Target Price	Risk	Comment
15/11/2021	0.37	U/R	U/R	Medium	Flash Note
24/11/2021	0.37	U/R	U/R	Medium	Flash Note
13/12/2021	0.36	U/R	U/R	Medium	Flash Note
23/12/2021	0.34	U/R	U/R	Medium	Flash Note
30/12/2021	0.34	U/R	U/R	Medium	Flash Note
13/01/2022	0.41	U/R	U/R	Medium	Flash Note
01/02/2022	0.39	U/R	U/R	Medium	Flash Note

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The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

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