

## **algoWatt approves Updated Financial Maneuver Proposal and New Business Plan 2023-25**

- **Submission of an application for the Negotiated Group Crisis Settlement, with the possibility of access to the 10-year tax debt deferral, approved**
- **Proposal to the Financial Creditors to convert their debt into equity with a reserved capital increase (excluding pre-emptive rights), subject to the early conversion of the AlgoWatt SFPs ("ALW SFPs")**
- **Industrial Plan 2023-2025 approved: focus on Greentech Industry (EPC and O&M photovoltaic, CER and energy efficiency) and Digital Energy and Circular Economy (twin transition) markets. Growth in Research and Innovation activities**
- **Cumulative revenues in the three-year period 2023-25: about Euro 124 million (CAGR +51%); margins to 2025 of about 13%; substantial financial debt relief due to the Updated Financial Maneuver**
- **Updating the Corporate Events Calendar**

The Board of Directors of algoWatt S.p.A., GreenTech Solutions Company listed on the Euronext Milan market of the Italian Stock Exchange, following up on what was communicated on 13 December 2022 and on 24 March 2023, informs that the BoD - which met today - has identified the recovery path, non-judicial and on a going concern basis, through the use of the instrument of the negotiated settlement of the group business crisis (CNC) to be initiated by filing the petition for the appointment of the expert pursuant to Article 12 et seq. of Legislative Decree 12 January 2019 no. 14 ss.mm.ii. (Corporate Crisis Code - CCII) and the related proposal for the Updated Maneuver. It should be noted that the CNC is a voluntary, out-of-court path accessible to businesses through the Chambers of Commerce and aimed at finding a negotiated solution with creditors. The choice of the aforementioned instrument for resolving the Company's state of financial tension was also made taking into account the possibility of accessing the bonus measure of the deferment of tax debt over 10 years, thus making it possible to make its repayment sustainable, freeing up resources over the period to support corporate growth.

In particular, the proposed Updated Financial Maneuver will be pursued along the following lines, that will inspire the negotiations proper to the CNC procedure:

- submission of an application for the Negotiated Group Crisis Settlement, providing for: (i) the request for protection against creditors and (ii) the request for access to the bonus benefit of the deferral of the tax debt due in 10 years as a result of the successful outcome of the CNC procedure pursuant to Article 23, paragraph 1 CCII;

- proposal to the Financial Creditors to convert their debt into equity by way of a reserved capital increase (with waiver of pre-emptive rights), subject to the early conversion of the AlgoWatt SFPs ('ALW SFPs');
- approval of a Business Plan 2023-2025, based on the strategic guidelines prepared with the advice of STAM Srl and disclosed to the market on 24 March 2023.

### **The Proposed Updated Financial Maneuver**

The proposed Updated Financial Maneuver envisages a capital increase reserved for algoWatt's financial creditors, with early conversion of algoWatt's SFPs, as an exception to and in excess of the Financial Agreement signed between algoWatt and its financial creditors on 21 June - 9 July 2021, which will be resolved and signed upon the outcome of the Negotiated Company Crisis Resolution (CNC) procedure, conversion which will represent a fulfilment component and will be implemented in execution of the CNC. The reserved capital increase will be carried out with the exclusion of pre-emptive rights, justified by the state of crisis affecting the company, and will be subject to the resolution of the Special Meetings of the PFS holders.

In particular, the capital increase transaction, which will be put forward to the relevant stakeholders as part of the negotiations to be held in the context of the CNC procedure, will be carried out by anticipating the conversion of the ALW SFPs through the issue of up to a maximum of 53.5 million new ordinary shares with no express par value and regular dividend rights, having the same rights as those currently outstanding, at a price of approximately Euro 0.56 per share ("Capital Increase Price") and approximately 24 million new shares, calculated on the basis of the anticipated conversion price of the ALW SFPs and intended for the conversion of the financial receivable. The subscription price of the shares will be determined based on the fair value of the shares and must be supported by a fairness opinion issued by an independent expert. The subscription price shall be in line with the price trend and comply with stock exchange regulations.

A dilution of the current majority shareholder Italeaf S.p.A. is foreseeable, which would see its share fall below 30%.

It will be possible to include a lock-up clause in the resolution of the reserved capital increase (as well as in the new Agreement for early conversion of SFPs algoWatt).

The Expert appointed within the framework of the CNC will have to render a report pursuant to letter c) of the first paragraph of Article 23 CCII and take into account the settlement agreements with the relevant suppliers invited to settle and the rescheduling of the overdue tax debt. Upon completion of the CNC, with the subscription of the reserved capital increase, the Expert will also have to express an opinion on the rebalancing of algoWatt and the early termination of the 2021 Plan, which will be fully novated by the Recovery agreement pursuant to Article 23, paragraph 1, letter c) CCII.

The Recovery agreement pursuant to Art. 23(1)(c) CCII will have to provide for the maintenance of algoWatt's working capital lines for the time necessary to allow them to be refinanced with access to new forms of working capital financing through the assignment of trade receivables.

In addition, the Updated Financial Maneuver provides for the publication of a prospectus that will enable the listing of the issued shares.

Consequently, the objective of the proposed Updated Financial Plan will be to rebalance the economic and financial situation of algoWatt and ensure business continuity, allowing the financial creditors to participate in the future growth of the company, pursuing a path of restructuring both of the debts under the procedure, non-judicial and as a going concern, pursuant to Legislative Decree 118/2021, and of the company's business and core activities. To this end, the Group's Restructuring Plan is based on the approval of a 2023-2025 Business Plan, on the basis of the strategic guidelines prepared with the advice of STAM Srl and disclosed to the market on 24 March 2023, through the modification of the business model, a significant rationalisation of the company's portfolio of activities resulting from the focus on twin transition and digital circular economy, research and innovation initiatives as well as system integration activities aimed at the construction of greentech plants for the production of renewable energy and energy efficiency.

For the transactions described above, algoWatt availed itself of the professional contribution of R&S Advisory S.r.l., in the person of Mr. Paolo Lisca, as financial advisor, and Studio Legale Fallanca-Scicolone & Partners, in the person of Mr. Marco Scicolone, as legal advisor.

### **Business Plan 2023-2025**

The Board of Directors of algoWatt, in keeping with the proposed Updated Financial Maneuver (on the implementation of which the forecast data drawn up by management depend) and in order to emerge from the current state of financial tension, approved the new Corporate Business Plan, through the modification of the business model and a revision of the Company's strategic and financial objectives.

In particular, the three-year objectives were defined taking into account the strategic guidelines drawn up with the advice of STAM Srl, a company specialising in high technology applied to energy, the environment, industry and automation - which identify three high-level objectives (Leadership in the twin transition market - digital solutions for sustainability -, Evolution from provider to partner and Growth in the Digital Circular Economy market) based on four drivers of industrial growth (Achievement of financial sustainability, EPC and O& M with TerniEnergia Progetti, Research, Development, Innovation, and Rationalisation of the portfolio). For more information on the strategic guidelines, please refer to the press release issued on 24 March 2023.

### **MAIN INDUSTRIAL OBJECTIVES**

The Plan bases its growth prospects on the execution of the strategic guidelines and the development and implementation of the four identified drivers.

Leadership in the twin transition market will be pursued by identifying the digitalisation sector of the energy and environmental transition as the objective of the industrial reorganisation and modification of the business model. The integration between the technological and digital component (algoWatt) and the industrial field component (TerniEnergia Progetti) will lead to the overcoming of the Operating Units envisaged in the previous Industrial Plan, in order to simplify the representation of activities on two main revenue lines:

- **DIGITAL ENERGY & CIRCULAR ECONOMY:** which encompasses algoWatt's current activities in digital transformation and energy and ecological transition through smart technologies, enabling customers and consumers to use resources in a more sustainable way. This revenue stream also encompasses the company's excellence in Research, Development and Innovation, which is put at the service of the development of innovative solutions in the Twin Transition and Digital Circular Economy (including software platforms for smart buildings, smart cities, Virtual Power Plant (VPP) solutions and for the energy resource aggregator sector to improve energy production, grid flexibility, as well as to exchange or sell energy on the electricity market; Cleantech industry digitisation services for the ecological transition, such as - for example - software, platforms and solutions for advanced collection and management services, smart bins, robotics, apps, analytical tools and decision support software, etc.). With regard to the RD&I sector, new partnerships were defined, through dedicated framework agreements, for a strong increase in participation in national and EU calls for tenders and the pursuit of a doubling of volumes;
- **GREENTECH INDUSTRY:** encompassing the activities of TerniEnergia Progetti as system integrator and ideal partner of investors, funds, utilities, asset management companies, general contractors for the development, design, construction and management of plants for renewable energy production and energy efficiency (including EPC and O&M photovoltaic utility scale, Renewable Energy Communities and Collective Self-Consumption Groups, Energy Management of Buildings). In particular, the company intends to maximise its ability to aggregate skills, which are in strong demand in a fast-growing market, by proposing to customers a complete offer on the entire renewable energy chain, as witnessed by the track record resulting from the Group's industrial history and the recent integration of plant engineering experience with digital experience. This new mode of operation, characterised by a business unencumbered by direct investments and capital-intensive activities, will allow an efficient and competitive approach to a market that is estimated to grow strongly by the second National Integrated Energy and Climate Plan (NIPEC) in the period 2023-2025, with an additional average annual capacity of about 4.6 GW.

#### **THE PLAN IN FIGURES\***

algoWatt foresees a significant increase in revenues and profitability by 2025 and, at the same time, the definitive and substantial elimination of the Company's financial debt, thanks to the Updated Financial Maneuver. The implementation of the measure, in fact, will enable algoWatt to put itself in the right conditions to seize the opportunities offered by its positioning in sectors with high development potential, being able to resort to new finance, renew the conditions of access to credit, qualify for the registers of suppliers of the main customers in the sector, and be able to issue those guarantees that are decisive and unavoidable for the recovery of the business linked to the Greentech Industry.

The Plan estimates value of production growth (CAGR 2023-2025) of 51%, with cumulative revenues of about Euro 124 million, with intermediate revenue targets of about Euro 18 million in 2023, Euro 42 million in 2024,

and Euro 64 million in 2025. The increase in revenues is estimated to come from the integrated growth of Greentech Industry activities (predominant component, accounting for 19% in 2023, 88% in 2024 and 91% in 2025) and Digital Energy & Environment, the increase in the RD&I project portfolio, and the proceeds from the disposals of assets, platforms and non-strategic contracts.

The plan forecasts a margin of about 13 percent when fully operational in 2025.

### **Update Corporate Events Calendar**

Finally, the Board of Directors, again today, resolved to postpone the approval by the Board of Directors of the draft financial statements and consolidated financial statements as of 31 December 2022 and of the Consolidated Interim Management Statements as of 31 March 2023 to a date to be determined in a subsequent meeting, which will be promptly communicated to the market and in any case fall after 15 September 2023, together with the new date for calling the Ordinary Shareholders' Meeting. This is in order to be able to fully take into account the impact of the transactions described above in the approval of these accounting data.

*\*The business plan is closely related to the proposed Updated Financial Maneuver and the implementation of the plan depends on and derives from forecasts, projections, targets, estimates and assumptions that reflect the Company's management's current estimates of future events. All forward-looking information contained herein has been prepared on the basis of certain assumptions that may prove to be incorrect and therefore the results reported herein may vary. The Group's ability to achieve expected results and targets depends on external factors. Actual results may differ from those projected or implied in the forward-looking data.*

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

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

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