

algoWatt: the new GreenTech Company is born from the merger of TerniEnergia and Softeco

- The company focuses for approximately 90% on digital solutions for sustainable economy through a new business model based on as-a-service software and for the remaining 10% on O&M activities for renewable energy plants
- Through the 3 Business Units, it focuses on the urban energy, sustainable mobility and resilience of energy grids with high growth potential and aggregate revenues of more than Euro 20 million in 2018
- With more than 40 years of experience in the IT sector and investments in R&I of more than 10% of the turnover, it has a research and innovation centre with a significant track record and know-how in the fields of reference

algoWatt, GreenTech Company listed on the Italian Stock Exchange (MTA), operating in the design, development and integration of solutions for sustainable and socially responsible management of energy and natural resources, following the merger between TerniEnergia and Softeco, presents the new business model that focuses on digital solutions for sustainable economy and digital transformation and based mainly on as-a-service solutions.

The new core business is characterized by activities with higher added value and a streamlined and scalable organizational structure, reducing the capital intensive activities typical of utilities operating in the energy sector. The breakdown of the company's activities will be divided for approximately 90% into software design and development, products and solutions for the energy, utility and mobility sectors and for the remaining part into O&M activities for renewable energy plants.

"Today's is the kick-off of the new company – states the **Chairman of algoWatt**, **Stefano Neri** – We have simplified the Group's corporate structure, concentrating the main industrial activities in a single company, thus preparing to pursue the growth of new businesses in the digital sector. With the acquisition and integration of Softeco, which culminated with the merger, algoWatt proposes itself as a new dynamic and innovative reality, with new technological infrastructures and highly specialized professionalism. GreenTech Company's new identity reflects our desire to play an important role in sectors with higher added value, to create value through the technological content of the business and to position ourselves in areas with higher growth prospects. In conclusion, it is a resilient path that follows the changes in the scenario of industrial sectors and the whole concept of sustainability".

Focus on sustainability and new development potential

algoWatt proposes itself as a partner in the research and implementation of solutions for the sustainable and socially responsible management of energy and natural resources, generating competitive advantages for the

Press Release

Milan, 5 march 2020



reference sectors. The structure of the new company aims at cash generation in the technology segment following the evolution of the market and focusing on sectors with high potential. In particular, with reference to "urban energy" and "electric mobility", both also characterized by a strong commitment to climate change issues.

"Territorial needs for smart mobility and strategic technologies applied to smart cities are increasing exponentially. – declares the **General Manager of algoWatt, Massimo Mannori** – The aggregate expected growth rates of investment in infrastructure and platforms for urban energy and e-mobility management by 2030 are all double-digit. In Europe, within ten years, about 6 million electric or hybrid vehicles will be sold, while the greenhouse gas reduction targets require continental investments of about 10,000 billion Euros in the same period. Smart metering and smart energy grow with CAGR above 20%. The energy sector is crucial for Italy's transition to a green economy, integrating transport and mobility in this process, precisely through green technological innovation. The role of algoWatt will be that of solution integrator and provider of proprietary technologies, hardware and software, able to enable new concepts of energy efficiency in production and residential areas. Similarly, we will work with all actors in sustainable mobility to build integrated and on-demand digital service platforms to provide a better and greener travel experience. algoWatt will also continue to be a privileged technology partner of the energy sector in the transition to the expected surge in distributed and non-programmable renewable generation and a technology enabler for all emerging and as yet unforeseeable energy uses".

Technological innovation, R&I

With more than 40 years of experience in the IT and Digital sector, more than 100 customers, 7 offices in Italy, more than 200 employees, algoWatt has a Research & Innovation centre that aims to maintain technological excellence in order to propose innovative solutions and develop new products to access markets with higher development rates. Since the 1990s it has coordinated more than 25 European projects, 10 of which in the H2020 field, and has generated a network with more than 1000 partnerships with universities and research institutes for more than 100 projects.

3 business units: Green Energy Utility, Green Enterprise & City, Green Mobility

algoWatt is structured into the following 3 business units:

- 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 response. It includes flexible solutions for the monitoring and control of plants from renewable sources, including predictive maintenance, control and defence systems of the national transmission and distribution grids, systems for the design and production of remote control equipment of the National Transmission Grid, tools for the management of all aspects of electricity and gas supply and sale.;
- Green Enterprise & City: is aimed at the enterprise and smart city market with services and tools for diagnostics and remote control of large electrified transport infrastructures (railways, including high-



speed railways, and subways), remote control of plants and buildings, management and monitoring systems of environmental plants (waste and water treatment), solutions for energy efficiency of energy-eating industrial plants, implementation and management of microgrid 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 to the operation of charging infrastructure for electric vehicles, system integration for port boarding services, monitoring and management of road safety and critical infrastructure (bridges, road sections, etc.).

"The change of brand name to algoWatt - explains Laura Bizzarri, Managing Director of the company - embraces the historical identity of the two companies that participated in the merger, but looks to the future from an international and innovative point of view. By combining the algorithm to symbolize digitization, and the Watt to recall electrification, we have outlined the identity of One Smart Company, which uses exponential technologies to reinvent its business model and open up markets related to sustainability and social impact issues. Where we maintain a backlog of industrial activities or expertise, for example in O&M and Energy Efficiency, we are introducing substantial innovation content, such as predictive maintenance work on plants or automated activities thanks to IoT, which enables better planning of actions and cost reduction. The organizational form we have given ourselves is able to quickly manage change and pursue continuous innovation. We are reducing owned assets as much as possible in order to accelerate the possibility of replicating the business and exporting it to markets not yet reached, keeping the structure lean and light. Finally, we set ourselves the goal of revolutionizing the business model: products are transformed into services and services into ecosystems".

Action plan of the relaunch plan 2022

The 2022 relaunch plan is articulated through the following "actions":

- *Programme for the disposal of the assets* (photovoltaic and environmental), which involves a financial benefit also as a result of the buyers taking over the debt related to the plants;
- Merger by incorporation of Softeco Sismat into TerniEnergia, which allows the strategic control of the Green Tech Solutions sector;
- Integration of digital technologies in the traditional businesses of TerniEnergia, with reference to energy efficiency and maintenance of renewable energy plants (predictive O&M).
- Simplification of the Group structure and Financial Agreement, which provides for debt rescheduling and rescheduling.

This press release and the corporate presentation are also available on the Company's website <u>www.algowatt.com</u>.

Press Release

Milan, 5 march 2020



algoWatt (ALW), greentech solutions company, designs, develops and integrates solutions for energy and natural resource management in a sustainable and socially responsible manner. The Company provides management and control systems that integrate devices, networks, software and services with a clear sector focus: digital energy and utilities, smart cities & enterprises and green mobility. algoWatt is the result of 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 located in 7 locations in Italy and investments in research and innovation for more than 12% of turnover, operates with an efficient corporate organization, focused on the following markets: Green Energy Utility: renewable energy, digital energy, smart grids; Green Enterprise&City: IoT, data analysis, energy efficiency, building and process automation; Green Mobility: electric, shared and on demand. Different markets, a single focus: sustainability. algoWatt is listed on the Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A..

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A resilient path towards the future

TerniEnergia merges with Softeco becoming algoWatt

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AGENDA

COMPANY PROFILE



Laura Bizzarri Managing Director algoWatt

Graduated in Economics and Business at the University of Perugia, with a PhD in Banking and Finance, she has carried out professional activities 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.

OUR INNOVATION STRATEGY



Stefano Bianchi R&I manager algoWatt

Graduated in Biomedical Engineering at the University of Genoa, he has over 15 years of experience in research projects at European and national level. He coordinates the H2020 ANASTACIA project on cybersecurity and privacy in IoT architectures, the H2020 TRUSTONOMY project on autonomous guidance systems, the CSEA PODCAST and VIRTUS projects focused on Smart Grid (Distribution Management System) and Virtual Power Plant (VPP) management and control.

BUSINESS & MARKETS

TOWARDS FUTURE



Massimo Mannori General manager algoWatt

Graduated in Electronic Engineering from the University of Genoa, he obtained an MBA from Bocconi University in Milan and has more than 20 years of international experience in leading industrial and consulting companies. He was Vice President Post Merge Integration in Westport Fuel Systems, Vice President Performance Excellence in Ansaldo STS, General Manager in Intecs and Project Leader in The Boston Consulting Group.



Stefano Neri

CEO & Chairman algoWatt

Graduated in Law at La Sapienza University in Rome, he is founder and Chairman of the holding company Italeaf, listed on the Nasdaq First North Growth Market in Stockholm. He has been practising law since 1985 in the field of Administrative Law and since 1997 he has been certified to practise before the Supreme Courts. He has been professor of legal subjects at the University of Perugia. He has been an expert legal adviser to the Minister of the Civil Service. He was Vice President of Interpark Servizi per l'Ecologia S.r.I. Agarini-Falk Group and President of the territorial section of Terni of Confindustria Umbria.



A GREENTECH COMPANY



Laura Bizzarri

FROM THE MERGING OF TERNIENERGIA AND SOFTECO IS BORN ALGOWATT



BUSINESS TURNAROUND

- Green Tech Company
- Più valore aggiunto
- Different markets, one focus: sustainability and resource efficiency
- Business based on the exploitation of the "as a service" model

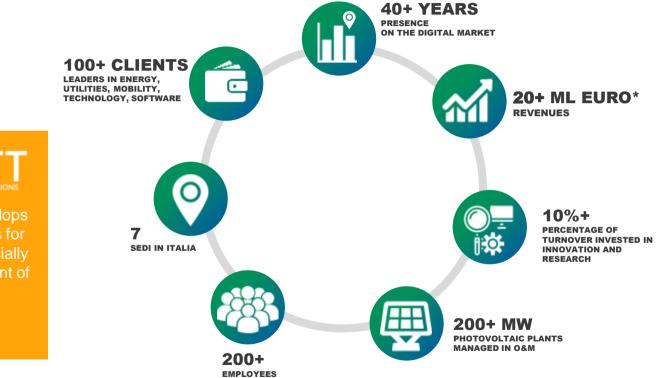
BACK TO INVESTMENT GRADE

- Discontinuation of capital intensive activities in the utilities sector
- Business model oriented towards cash
 generation in the technology segment
- · More management efficiency and synergies
- Costs optimisation
- Debt reduction

ONE SMART COMPANY

- Leaner and more integrated Group structure
- New target on social impact and sustainable investing
- Increased market reliability
- Public recognition of commitment against climate change
- Compliance with the transparency standards of listed companies

GREENTECH SOLUTIONS FOR SUSTAINABILITY

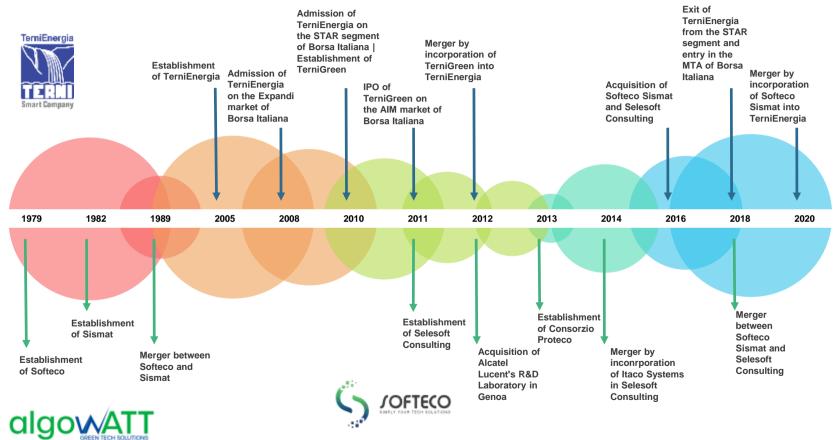


GROUP SNAPSHOT AS AT 31/12/2019

algovATT GREEN TECH SOLUTIONS

algoWatt designs, develops and integrates solutions for the sustainable and socially responsible management of energy and natural resources, generating a competitive advantage.

TWO PATHS, A BUSINESS STORY



GROUP SUMMARY STRUCTURE*

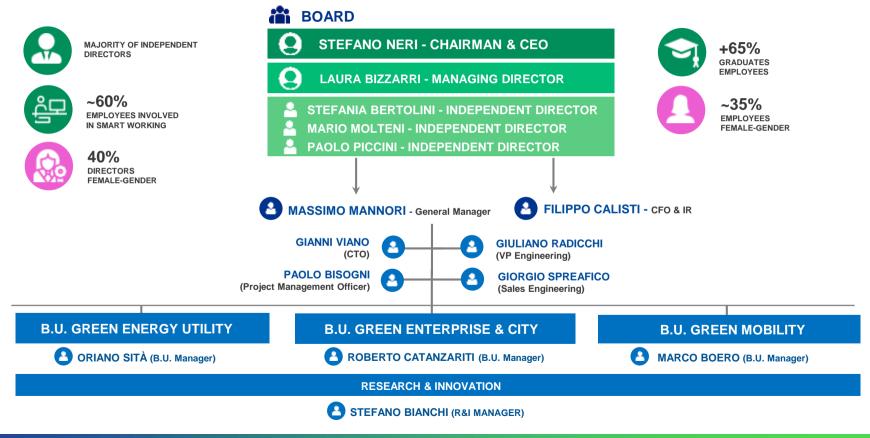


Source: Company information

- 1) Represents the percentage relating to the right to vote at the shareholders' meeting.
- 2) Of which treasury shares of TerniEnergia S.p.A. equal to 2.15%.

*Represents a simplified structure of the Group, with subsidiaries abroad, those operating in the core sectors and those holding assets that are being sold as part of the Recovery and relaunch plan.

KEY PEOPLE & MANAGEMENT

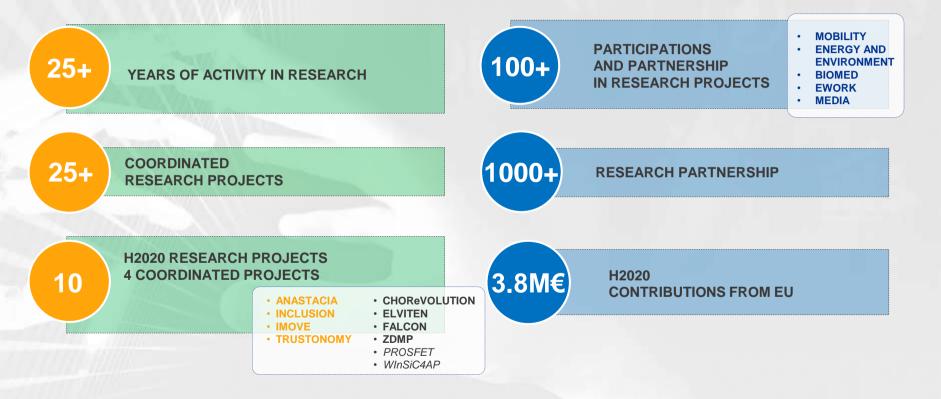


INNOVATION HIGHLIGHTS



Stefano Bianchi

RESEARCH & INNOVATION AT A GLANCE



PARTNERSHIPS AND AFFILIATIONS

IBM	TOSHIBA Leading Innovation >>>		THALES		POLITECNICO DE MILANO	owwages and	Market of Versena
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TECHNOLOGY TRANSFER FOR NEW PRODUCTS

Uirtue

Energia - Servizi Connessi alla gestione Aggregata delle risorse nel sistema eLEttrico POR FESR 2014-2020 – Project Coordinator

E-SCO

Gestione VIRTUale di risorSe energetiche distribuite RdS-CSEA – Project Coordinator Piattaforma Abilitante per Servizi Commerciali di gestione Aggregata delle risorse nel sistema eLettrico POR FESR 2014-2020 – Project Coordinator





Unlocking Large-Scale Access to Combined Mobility through a European MaaS Network H2020 Programme – Project Coordinator

OVE

Towards more accessIble and iNCLUSIve mObility solutions for EuropeaN prioritised areas H2020 Programme – Project Coordinator

incl(us)ion



Genova Smart Mobility 2.0 POR FESR 2014-2020 – Project Coordinator Innovative solutions for intermodal Node Genoa Erzelli CEF Programme – MaaS IT Provider

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algowATT **RESEARCH & INNOVATION STRATEGY** MAINTAIN TECHNOLOGICAL EXCELLENCE **TO PROPOSE INNOVATIVE SOLUTIONS DEVELOP NEW PRODUCTS** GREEN GREEN ENERGY **ENTERPRISE** GREEN AND ACCESS EMERGING MARKETS UTILITY MOBILITY & CITY **DATA SCIENCE** GRID ENERGY INTELLIGENT RESOURCE **EFFICIENCY** TRANSPORT MACHINE LEARNING FI FXIBILITY SYSTEMS **ARTIFICIAL INTELLIGENCE** MANAGEMENT COMFORT **OPTIMIZATION ON-DEMAND** IoT / IIoT / INDUSTRY 4.0 ADVANCED O&M **FI FXIBI F** TRANPORT **CYBERSECURITY** DEMAND RESPONSE MAAS **SIMULATION & DIGITAL TWINS** PREDICTIVE MAINTENANCE **IMAGE PROCESSING** eMOBILITY SMART READINESS INDICATOR . . . Horizon Europe € 100 BN R&I Programme 2021 - 2027 **The European** Succeed to Horizon 2020 **Green Deal**

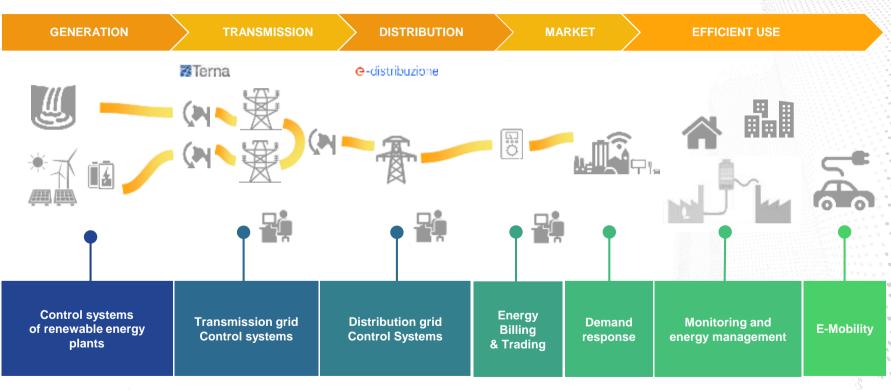


BUSINESS & MARKETS



Massimo Mannori

ALGOWATT: GREENTECH SOLUTIONS ACROSS THE ENTIRE SUPPLY CHAIN





3 business unit to enable the sustainable digital transformation



OFFERING



GREEN ENERGY UTILITY |

DISTRIBUITED AND RENEWABLE POWER GENERATION



- Flexible and interoperable solution for the monitoring and control of photovoltaic / wind power plants
- Asset management
 platform
- Critical infrastructure monitoring service.

- Support for the development and evolution of national transmission and distribution grid control systems (electricity, gas, water)
- Design and production of remote control equipment for the control and safety of the National Transmission Grid managed by Terna (UPDM, UPDC, RTU)
- Suite for the deregulated energy market that allows the management of all aspects of the electricity and gas supply and sales process
- Solution for the control of electricity costs and optimized management of consumption and supply
- As-a-service services for the implementation and operational management of Virtual Power Plant and Demand Response
- Supply and installation Peripheral Monitoring Units and design of the best solution according to the type of plant/aggregate
- Grid in which production, distribution, consumption and storage are interconnected



Critical infrastructure monitoring service



CYBER SECURITY OT & IT

• Services and systems for the security of computer networks for Operational Technology

THE OPPORTUNITIES OF ENERGY DIGITALISATION

Digital technologies to provide infrastructure for more flexible, smart, connected and responsive energy systems



SMART GRID, ASSET OPTIMIZATION, DEMAND RESPONSE, AUTOMATED TRADING, ACTIVE ENERGY MANAGEMENT, ETC.

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50 BN

CONNECTED DEVICES OR IoT AT GLOBAL LEVEL BY 2025

>1 BN of BN \$

ECONOMIC IMPACT OF IOT IN ENERGY SECTOR BY 2025 Investment needed in the electricity sector to achieve European policy objectives

Annual investment expenditure (2021-2030)

Scenario	Target 2030	Grids	Power generation	Total
Reference	GHG: -32.4% RES: 24.4% EE: -21%	€ 37 / 41 BN	€ 50 / 59 BN	€ 816 / 949 BN
GHG40	GHG: -40% RES: 26.5% EE: -25.1%	€ 41 / 56 BN	€ 53 / 85 BN	€ 854 / 1,188 BN
GHG40/EE/ RE30	GHG: -40% RES: 30% EE: -30%	€ 40 / 47 BN	€ 55 / 72 BN	€ 879 / 1,333 BN

GHG40: Greenhouse gas reduction to 2040; EE: Energy efficiency; RE30: Renewables to 2030

Source: 'Energy Future' Value Proposition by Frost & Sullivan 2019

Source: analysis on data UE the European House - Ambrosetti, 2018



THE IMPACT OF TECHNOLOGIES ON SMART CITIES

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SMART ENERGY

GROWTH RATE (CAGR): 28.7% MAXIMUM BY 2025 GROWTH IN SMART METERING (CAGR) SECTOR: 23.15% BY 2025



SMART TECHNOLOGY

MAXIMUM GROWTH (CAGR): 18.23% BY 2025 NEW PROJECTS EXPECTED IN NORTH AMERICA AND EUROPEAN REGIONS



SMART INFRASTRUCTURE

HIGHEST GROWTH IN THE SMART UTILITIES MARKET (CAGR): 10.16% BY 2025

Several factors are impacting on the new development of cities, production plants and urban services



SMART BUILDING THE MARKET WILL REACH THE \$ 1 TRILLION MARK BY 2030



SMART MANUFACTURING

SMART MANUFACTURING MAARKET WILL GROW TO \$ 1 TRILLION BY 2030

Source: Smart Cities' Value Proposition by Frost & Sullivan 2019

GREEN MOBILITY |



MOBILITY-AS-A-SERVICE (MAAS)

- Fleet management for the transport of goods and people
- Combined and intermodal mobility systems
- Mobility information and value-added services for the user
- Travel planning, reservations, ticketing, payments
- "Demand/responsive" collective transport systems

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ELECTRIC MOBILITY & MICROGRID

- Design, installation and support for the operation of charging infrastructure for electric vehicles
- Charging infrastructure
 management for electric vehicles
- Information, directions, and services to the user
- Infrastructure maintenance and technical service



TRANSPORT AND SAFETY

- Road safety monitoring and management
- Monitoring the security of critical infrastructure (bridges, road sections, etc.)
- Planning and management of vehicle recovery services
- Accident and safety data management for road, air, water and rail transport



TERMINALS AND INFRASTRUCTURES

- Monitoring and supervision of highway operations
- Equipment maintenance planning and management
- Automation, control and operation of port terminals
- Access control and vehicle boarding operations

GEOGUARD

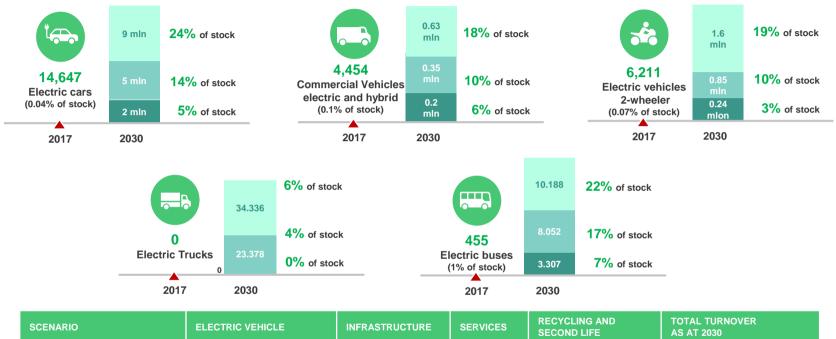
Critical infrastructure monitoring services

CYBER SECURITY OT & IT

• Services and systems for the security of computer networks for Operational Technology

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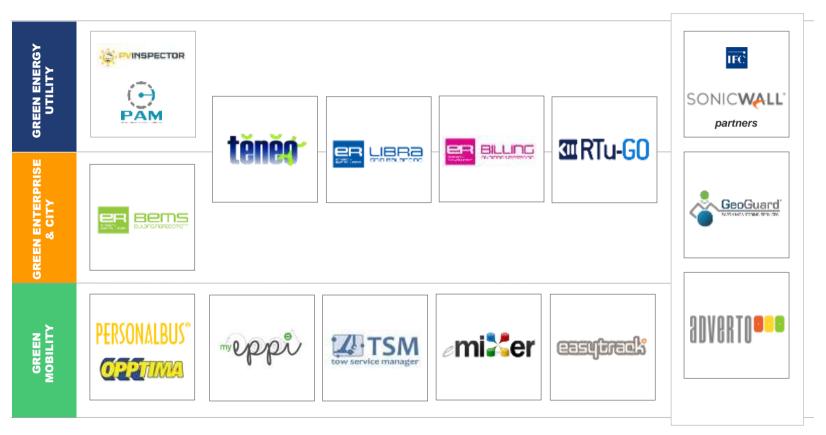
E-MOBILITY: THE SECTOR'S FAST GROWTH



				SECOND LIFE	AS AT 2030
LOW SCENARIO	91,3	6	4	1.1	102.4
INTERMEDIATE SCENARIO	253,9	11	9	2.1	258.0
FAST TRACK SCENARIO	421,3	18	14	3.3	456.6

Source: Data analysis the European House - Ambrosetti, 2018

PROPRIETARY PRODUCTS PORTFOLIO



OUR CUSTOMERS

HITACHI	Posteitaliane	F RFI	acea	Terna	enel	SIEMENS	st edison
Gamiu	Sociegross	Infineum	CSPEDALE SAN MARTINO	ABB	TOSHIBA	TIM	SORGENIA
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GLOBAL		SITAF	europ			Joint Research Contre	2 Duferce
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1 Buzzi Unicem	SEGSIDE	Teleñergy	SS ferrero	©√enav	AU	Elettrico Nazionale	ALCHIMIA

ODOGREEN TECH SOLUTIONS TOWARDS FUTURE



Stefano Neri

THE 2019-2022 RELAUNCH PLAN

pursuant to art. 67, third paragraph, letter d), Royal Decree no. 267 of 16 March 1942

MAIN ACTIONS



Programme

of assets

disposal







Continuity and development of business lines within of "digital energy"

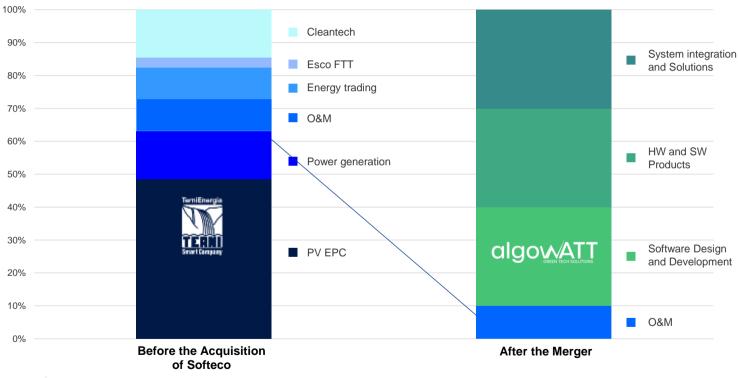


Simplification of the Group structure



Financial agreement

FROM UTILITY TO GREENTECH COMPANY





EQUITY STRENGTHS

Innovative management and control solutions with a focus on green and urban smart energy

Consolidation of algoWatt's product/service **offer**, turning from solution provider to a **new business model** based on the **"AS A SERVICE"** concept



Excellent positioning in the domestic market and growth opportunities in **international** markets based on scalable solutions



More than 40 years of experience in the sector, with strengths represented by the innovation contribution of a **research centre with a relevant track record** and integrated know-how in selected sectors and markets



High growth potential with focus on future technologies for urban energy, green mobility and resource efficiency for sustainable businesses



BUSINESS OFFICES



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