

20 January  
2023

Mattia Petracca  
mattia.petracca@integraesim.it  
Giuseppe Riviello  
giuseppe.riviello@integraesim.it

**BREAKING NEWS**

## algoWatt THUMBS UP project

Ticker	ALW IM
Price (19/01/2023)	€ 0.63
Target Price	€ 1.50
Rating	BUY
Risk	Medium

### NEWS

- In the press release of 16 January 2023, algoWatt, a GreenTech Company listed on the Euronext Milan market of the Italian Stock Exchange, announced that it had received a loan of about € 0.28 million to invest in Digital Energy Solution Provider and System Integrator activities as part of the THUMBS UP project (Thermal energy storage solUtions to optimally Manage BuildingS and Unlock their grid balancing and flexibility Potential), financed through funds from the Horizon Europe program and aimed at achieving results that significantly contribute to the development of a sustainable economy in the European Union.
- The THUMBS UP project aims to develop innovative thermal energy storage technologies on a daily and weekly basis to be integrated into buildings, with the aim of increasing energy efficiency and exploiting the “Power to Heat” paradigm, to make buildings take a central role in the flexibility of the global energy network. Therefore, the ultimate goal of this project is to go beyond the limits of the technologies currently present in buildings, increasing energy density and reducing the factors of capital intensity to be invested in the sector.
- Specifically, THUMBS UP intends to promote complementary digital innovations, able to simulate, optimize and maximize the technical, operational, and economic benefits of the proposed solutions, through:
  - The Smart Building Energy Management System, which will be implemented by algoWatt, to integrate, monitor, and manage building-level design solutions, maximize the use of local FER, streamline H&C (Heating & Cooling) systems and coordinate operations with other building assets, as well as with energy demand;
  - The Digital Twin, with the aim of optimizing and maximizing the energy flexibility and load-shifting benefits provided by the integrated solutions in buildings to the electricity grid, as well as coordinating the operation of the solutions with the supply of thermal energy from the DHN, reduce thermal power peaks and allow the use of heat in a more flexible way.
- Finally, the project, which required investments of about € 7.60 million, of which about € 6.40 million was financed by the Horizon Europe research and innovation program, and which will be developed over 4 years, is coordinated by Veolia Servicios Lecam Sociedad Anonima Unipersonal (ES) and sees the participation of companies, universities, and research centers.
- The announcement confirms our positive view of the Company. We confirm our recommendation: BUY rating, Target Price € 1.50, and MEDIUM risk.

**Disclosure Pursuant to Delegated Regulation UE n. 2016/958**
**Analyst/s certification**

The analyst(s) which has/have produced the following analyses hereby certifies/certify that the opinions expressed herein reflect their own opinions, and that no direct and/or indirect remuneration has been, nor shall be received by the analyst(s) as a result of the above opinions or shall be correlated to the success of investment banking operations. Neither the analysts nor any of their relatives hold administration, management or advising roles for the Issuer. Mattia Petracca is Integrae SIM's current Head of Research. Giuseppe Riviello, Alessandro Colombo and Edoardo Luigi Pezzella are the current financial analysts.

**Disclaimer**

This publication was produced by INTEGRAE SIM SpA. INTEGRAE SIM SpA is licensed to provide investment services pursuant to Italian Legislative Decree n. 58/1998, released by Consob, with Resolution n. 17725 of March 29th 2011.

INTEGRAE SIM SpA performs the role of corporate broker for the financial instruments issued by the company covered in this report.

INTEGRAE SIM SpA is distributing this report in Italian and in English, starting from the date indicated on the document, to approximately 300 qualified institutional investors by post and/or via electronic media, and to non-qualified investors through the Borsa Italiana website and through the leading press agencies.

Unless otherwise indicated, the prices of the financial instruments shown in this report are the prices referring to the day prior to publication of the report. INTEGRAE SIM SpA will continue to cover this share on a continuing basis, according to a schedule which depends on the circumstances considered important (corporate events, changes in recommendations, etc.), or useful to its role as specialist.

The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
01/02/2022	0,39	U/R	U/R	Medium	Flash Note
28/04/2022	0,85	BUY	1,40	Medium	Initiation of Coverage
11/05/2022	0,72	BUY	1,40	Medium	Flash Note
01/06/2022	0,94	BUY	1,40	Medium	Flash Note
20/07/2022	0,86	BUY	1,40	Medium	Flash Note
09/08/2022	0,80	BUY	1,50	Medium	Update

The list of all recommendations on any financial instrument or issuer produced by Integrae SIM Research Department and distributed during the preceding 12-month period is available on the Integrae SIM website.

The information and opinions contained herein are based on sources considered reliable. INTEGRAE SIM SpA also declares that it takes all reasonable steps to ensure the correctness of the sources considered reliable; however, INTEGRAE SIM SpA shall not be directly and/or indirectly held liable for the correctness or completeness of said sources.

The most commonly used sources are the periodic publications of the company (financial statements and consolidated financial statements, interim and quarterly reports, press releases and periodic presentations). INTEGRAE SIM SpA also makes use of instruments provided by several service companies (Bloomberg, Reuters, JCF), daily newspapers and press in general, both national and international. INTEGRAE SIM SpA generally submits a draft of the analysis to the Investor Relator Department of the company being analyzed, exclusively for the purpose of verifying the correctness of the information contained therein, not the correctness of the assessment. INTEGRAE SIM SpA has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them. Integrae SIM S.p.A. has formalized a set of principles and procedures for dealing with conflicts of interest. The Conflicts Management Policy is clearly explained in the relevant section of Integrae SIM's web site ([www.integraesim.it](http://www.integraesim.it)). This document is provided for information purposes only. Therefore, it does not constitute a contractual proposal, offer and/or solicitation to purchase and/or sell financial instruments or, in general, solicitation of investment, nor does it constitute advice regarding financial instruments. INTEGRAE SIM SpA does not provide any guarantee that any of the forecasts and/or estimates contained herein will be reached.

The information and/or opinions contained herein may change without any consequent obligation of INTEGRAE SIM SpA to communicate such changes. Therefore, neither INTEGRAE SIM SpA, nor its directors, employees or contractors, may be held liable (due to negligence or other causes) for damages deriving from the use of this document or the contents thereof. Thus, Integrae SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, Integrae SIM and/or the author

of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 20307/2018, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

**Rating system (long term horizon: 12 months)**

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)**

The methods that INTEGRÆ SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

The estimates and opinions expressed in the publication may be subject to change without notice. Any copying and/or redistribution, in full or in part, directly or indirectly, of this document are prohibited, unless expressly authorized.

**Conflict of interest**

In order to disclose its possible interest conflict Integrae SIM states that:

- It plays, or has played in the last 12 months, role of specialist financial instruments issued by algoWatt S.p.A.

Production Date: 19 January 2023 – h.18:00;

Publication Date: 20 January 2023 – h.08:00