



PRESS RELEASE

INNOVATEC S.p.A.

THE BOARD OF DIRECTORS APPROVES THE 2022 PRELIMINARY OPERATING AND FINANCIAL RESULTS

GROUP DEVELOPMENT CONTINUES IN A DIFFICULT ENVIRONMENT

- **REVENUES +21% TO €289 MILLION**
Energy Efficiency business at €113 million (+67%)
Environment and Circular Economy business at €175 million (+3%)
- **EBIT +75% TO €18.7 Million, EBIT margin AT 6.5% (2021PF: 4.5%)**
THROUGH AN OPTIMAL MANAGEMENT OF THE GROUP ASSET BASE

DESPITE THE IMPACT OF THE MACROECONOMIC SCENARIO AND REGULATORY UNCERTAINTY ON THE ECOBONUS

- **CONSOLIDATED EBITDA RESULT in line with the last financial year at €32 million**
- **EBITDA margin 11% (2021PF: 14%)**

BUSINESS ENVIRONMENT AND CIRCULAR ECONOMY

- **EBITDA €21 million, EBITDA margin 12.3%, in line with previous year**
confirming the soundness, development capacity and sustainability of the business

ENERGY EFFICIENCY BUSINESS

- **EBITDA at €12 million, EBITDA margin 11%**
impacted by the continuous regulatory stop & go on the ecobonus

INNOVATEC GREEN PATH ACCELERATION CONTINUES (M&A, CAPEX) FOR COMPETITIVE POSITIONING IN CIRCULARITY AND SUSTAINABILITY:

- **Capex: €23 million**
- **M&A: €21 million**
- **HR: +163 people**

NFP AT €-49 million (AT 31 Dec. 2021: €-10 million)

Milan, 3 March 2023 - The Board of Directors of **Innovatec S.p.A.** (BIT: **INC**, ISIN: **IT0005412298**), listed on the market Euronext Growth Milan ('**EGM**'), met today to review the preliminary operating and financial results for the year 2022.

CEO Mr. Matteo Marini commented: *"I am delighted to present these solid Group results for 2022, characterised by significant revenue growth, achieved in an extremely challenging regulatory and market environment. We have put in place a series of actions that have allowed us to confirm our operating margin and, ultimately, to achieve EBIT growth of 75%, year-on-year, while continuing on our path of investments, organic and inorganic, to support future growth."*

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The preliminary operating and financial results for the financial year 2022 compared with the full year 2021 ("2021PF") can be detailed as follows:

Innovatec Group

Euro/million

| KEY ECONOMICS | 2022 | 2021PF | 22 vs 21 | % |
|------------------------|--------------|--------------|-----------|-----------|
| Revenues | 288,7 | 237,8 | 51 | 21 |
| EBITDA | 32,0 | 32,9 | (0,9) | (3) |
| % EBITDA | 11,1% | 13,8% | -3% | (20) |
| EBIT | 18,7 | 10,7 | 8,0 | 75 |
| % EBIT | 6,5% | 4,5% | 2% | 44 |
| | 31-dic-22 | 31-dic-21 | 22 vs 21 | % |
| Net Financial Position | (49,0) | (10,0) | (39,0) | >100 |
| Personnel | 423 | 260 | 163 | 63 |

Innovatec ended the financial year 2022 with positive results, continuing its development paths, despite the macroeconomic context characterised by a general price increase in energy and raw materials, as well as the random trend in the ecobonus 110% regulatory framework. In this context, Innovatec has continued to grow quarterly double digit for more than a year, recording Revenues of Euro 289 million (+21% yoy). The Energy Efficiency business recorded revenues of €113 million (+67%) while the Environment and Circular Economy business recorded revenues of €175 million (+3%) with increasing volumes and prices, demonstrating the solidity, development capacity as well as the sustainability of the business.

EBITDA amounted to Euro 32 million, substantially in line (-3%) with the previous year's figure, despite being affected by higher energy prices and higher costs arising from a lengthening of its current ecobonus works due to the regulatory stop&go occurred in the last half of the year. Margins were also affected by higher overhead and structural costs incurred in business development, M&A and integration activities. The EBITDA margin 2022 therefore stood at 11% compared to 14% last year.

EBIT for the year increased by 75% year-on-year to EUR 18.7 million (2021PF: 10.7 million) and the EBIT margin to 6.5% (2021PF: 4.5%). The operating margin benefited from optimisations on the Innovatec asset base - first and foremost those related to material disposal and recovery activities - and from the greater percentage weight in 2022 of the Energy Efficiency business, which is less capital intensive than the Environment and Circular Economy business.

It should also be noted that the aforementioned margins do not include the operating results of the recent acquisitions finalised in the last quarter of 2022 in the circularity sector (Puliecol and AET), which do not contribute to the economic results of the financial year and will express their potential profitability during 2023. In 2022, the two companies recorded total revenues of EUR 12 million, an EBITDA of EUR 1 million and an EBIT of EUR 0.6 million.

In 2022, Innovatec accelerated its investments in M&A and Capex to strengthen its competitive position in the circular economy and renewables, demonstrating once again that it has strong execution skills and business vision to be able to seize market opportunities. M&A and Capex investments amount in 2022 to Euro 21million and Euro 23 million respectively. In addition, Innovatec increased its HR by 163 people at the service of the development of the group's core businesses. Innovatec also strengthened its sales and technical networks in the territory and launched a new business unit dedicated to Photovoltaic - B2B, which can count on the consolidated experience in

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the sector of the participating company ESI S.p.A. (EPC company listed on the EGM). This recent acquisition, together with the investment made by Innovatec in the innovative startup dedicated to the supply of green energy Frisbi S.r.l., denotes the group's firm intention to position itself firmly and promptly in a market - the renewable energy communities - with an exponential development in the next few years. Finally, Innovatec - through its subsidiary Cobat - has also set up Cobat Tessile and has also invested decisively in obtaining new authorisations for the construction of plants for the recovery and treatment of materials (e.g., plasterboard, mattresses, lithium...) as well as in expanding the capacity of the three landfill sites managed by the Group.

For these reasons, the net financial debt increased from Euro 10 million to Euro 49 million in 2022. The positive cash generation of the business was put at the service of Capex investments (Euro 23 million) and strategic M&A (Euro 21 million plus financial debts acquired of Euro 14 million) as well as of the net working capital increase of about Euro 11 million, mainly due to the increase in Energy Efficiency revenues and to the lengthening to cash the 110% ecobonus tax credits due to regulation uncertainties.

Debt and interest coverage ratios are at physiological levels.

Below are the 2022 operating results by line of business compared to 2021PF:

| MEuro | 2022 | % on Revenues | 2021PF | % on Revenues | Δ% |
|--------------------------------|--------------|---------------|--------------|---------------|------------|
| Environment & Circular Economy | 174,9 | 61% | 169,8 | 71% | 3 |
| Energy Efficiency | 112,8 | 39% | 67,4 | 28% | 67 |
| Others | 0,9 | | 0,6 | | 53 |
| Revenues | 288,7 | 100% | 237,8 | 100% | 21 |
| Environment & Circular Economy | 21,5 | 12,3% | 22,6 | 13,3% | (5) |
| Energy Efficiency | 12,2 | 10,8% | 11,2 | 16,6% | 9 |
| Others | (1,7) | | (0,9) | | 87 |
| EBITDA | 32,0 | 11,1% | 32,9 | 13,8% | (3) |
| Environment & Circular Economy | 9,6 | 5,5% | 2,0 | 1,2% | 380 |
| Energy Efficiency | 11,8 | 10,4% | 9,7 | 14,4% | 21 |
| Others | (2,6) | | (1,0) | | 165 |
| EBIT | 18,7 | 6,5% | 10,7 | 4,5% | 75 |

Outlook for the first quarter 2023

Inflation and a climate of uncertainty persist as of today. Consumers and businesses continue to face high energy costs, inflationary pressures and the monetary squeeze is expected to continue, weighing on business activity and curbing investment. In addition, the repeated regulatory changes related to tax incentives for the energy requalification of real estate (primarily the so-called Superbonus 110%), have not only generated uncertainty as to the future of the incentive measure, but above all have considerably slowed down the development of these initiatives, also in light of the problems that still exist with regard to the transfer of tax credits.

The levers already implemented in 2023 on the Energy Efficiency business, also in light of the upcoming expiry of the "condominium" orders scheduled for the end of December 2023 and the regulatory and financial developments for the transfer of tax credits related to ecobonuses are: i) using the time factor and Innovatec's competitive position to optimise in financial and economic terms its procurement capacity and EPC subcontracting activity and ii) signing new ecobonus orders only in the presence of a financial contribution from the customer and credit facilities for the assignment of tax receivables. The recent stop imposed by the government on future not yet authorised ecobonus orders by mid-February 2023, on the one hand assures Innovatec on a potential opening by banks and financial institutions of additional facility lines for tax credit on its contractual pipeline of Euro 60 million and on the other hand, it commits the Group to implement the ongoing strategies of a fair balance between volumes

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and margins in the B2B and PA energy efficiency business as well as in the energy communities and photovoltaics areas, including agrophotovoltaics.

With regard to the Environment and Circular Economy division, in addition to the decision to transfer to customers part of the higher energy costs when renewing contracts, Innovatec is continuing its activities to offer to the industry market sustainable solutions in circularity and in material recovery (in line with EU objectives), as well as finalising the authorisation processes underway to provide the Group with a renewed and expanded plant portfolio and new treatment and planting capacity. The high cost of energy has also heavily impacted some of our customer sectors such as paper and lead, which have preferred to implement policies including plant shutdowns. This evidence has led to the need to refocus business activity also towards foreign countries as well as towards sectors that are more resilient and less impacted by the economic situation. At the same time, actions have been implemented to pursue efficiencies, optimisations and synergies with recent M&A acquisitions for an increasing valorisation and integration of the overall asset base. These actions which will show their effects during 2023.

This press release is available on the website of Borsa Italiana and on the Company's website www.innovatec.it.

This document is an English translation from Italian. The Italian original shall prevail in case of difference in interpretation and/or factual errors.

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Innovatec S.p.A., an investment holding company listed on Euronext Growth Milan (BIT: INC, ISIN: IT0005412298) is active in the fields of energy efficiency and environmental sustainability. In a competitive environment where social responsibility and environmental sustainability issues are becoming increasingly central, Innovatec aims to strengthen its resilience and become a leading player in sustainability through the responsible and efficient use of resources by linking energy and renewable energy efficiency with the materials cycle, recovery and recycling and waste. Innovatec operates at 360 degrees, offering innovative end-to-end solutions that respond in a customised and comprehensive manner to its customers' needs in the circularity and sustainability business. With a proposal that integrates energy efficiency, renewables and environmental services from industrial waste recovery to recycling, Innovatec provides concrete support to other companies in improving their circularity and reducing their carbon footprint by aiming for compatibility between development and land preservation.

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