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Oggetto : BOARD OF DIRECTORS APPROVES
1Q22 OPERATING AND FINANCIAL
RESULTS

Testo del comunicato

Vedi allegato.

**PRESS RELEASE****INNOVATEC S.p.A.****BOARD OF DIRECTORS APPROVES 1Q22 OPERATING AND FINANCIAL RESULTS
POSITIVE PERFORMANCE OF ALL ECONOMIC INDICATORS IN LINE WITH THE PLAN**

REVENUES €74M
EBITDA €11.7M
EBITDA margin 16% (FY21PF: 14%)
EBIT A €6.5M
EBIT margin 9% (FY21PF: 5%)

ENVIRONMENT AND CIRCULAR ECONOMY BU GENERATED

REVENUES €49.3M (+27% vs 1Q21PF)
EBITDA €7.9M (+57% vs 1Q21PF)
EBITDA margin 16% (+4pt vs 1Q21PF)

ENERGY EFFICIENCY BU RECORDED

REVENUES €24.8M
EBITDA €4.2M
EBITDA margin confirmed to 17%
ALREADY ACHIEVED 1H21 RESULTS IN TERMS OF REVENUES AND EBITDA

**NFP AT €-26.6M AS OF 31 MARCH 2022 (31/12/2021: €-10 M) AS A RESULT OF M&A
ACTIVITIES AND INCREASE OF WORKING CAPITAL RELATED TO HOUSEVERDE**

Milan, 16 May 2022 - The Board of Directors of Innovatec S.p.A. (BIT: INC, ISIN: IT0005412298), listed on the Euronext Growth Milan market, approved today the first quarter 2022 (1Q22) Group operating and financial results.

The Chairman, Eng. Elio Cosimo Catania commented: "1Q22 results confirm the soundness our 2022-2024 development plan. The targeted acquisition policy has given further impetus to growth, enabling Innovatec to be at the heart of the energy transition with an increasingly significant size and an ever more integrated offering. These results - in line with expectations, continued the Chairman - allow us to look forward to 2022 with confidence despite the general climate of uncertainty. To date there are uncertainties in the super ecobonus sector linked to the vagueness of the regulatory framework and the inability of the banking system to absorb further tax credits. A strong hope is that the ecobonus initiative, that has proved to be strategic for the relaunch of the Country towards the ambitious goals of ecological transition, will be adequately and timely supported by regulatory interventions that restore certainty to operators of this sector."

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Innovatec closed 1Q22 with positive results, despite a phase marked by significant uncertainties on the international scenario, confirming the validity of the Group's multibusiness model based on sustainability and on the strategic integration of environment, energy efficiency, circular economy and innovation. During the period, Innovatec confirmed a sustainable development in all its core businesses, with Revenues of €74M. Energy Efficiency business accounted for €25M driven by the HouseVerde Project meanwhile Environment business recorded revenues of €49M with increasing volumes and prices. The dynamics of revenues were reflected in the 1Q22 gross and net operating margins at Euro 11.7M (EBITDA) and Euro 6.5M (EBIT), respectively. The EBITDA margin in the quarter increased by 2pt to 16% (FY21PF: 14%). The EBIT margin increased in the quarter by 4pt to 9% (FY21PF: 5%).

In summary, the results of these first three months of 2022 confirm Innovatec at the heart of the Clean Tech industry with a business model that is consistent with the sector's main macro-trends such as decarbonisation and the development of renewables, circular economy, energy efficiency and preservation of natural resources.

The speed of execution leads Innovatec to focus already now on offering proposals for energy redevelopment in the field of social housing, implementing new vertical technologies to reduce emissions as well as constructing photovoltaic systems in EPC turn Key mode given the recent incentive scheme in the agri-voltaic sector.

First Quarter 2022 Operating and Financial Results

Gruppo Innovatec

Meuro

HIGHLIGHTS	Q1 22	FY2021 PF
REVENUES	74,1	237,8
EBITDA	11,7	32,9
% EBITDA	16%	14%
EBIT	6,5	10,7
% EBIT	9%	5%
	31-mar-22	31-dic-21
PFN/(Net Fin. Indebt.)	(26,6)	(10,0)
Manpower	298	260

The consolidated operating profit and loss figures for 1Q22 show Revenues at €74.1M, EBITDA at €11.7M and EBIT at €6.5M with gross and net operating profitability increasing to 16% (2021PF: 14%) and 9% (2021PF: 5%) of total revenues, respectively. The Group's headcount increased from 260 at the end of December 2021 to 298 at 31 March 2022.

The results recorded in 1Q22 showed significant and solid economic and industrial growth thanks to the contribution of all the Group's business units, also as a result of the successfully completed M&A transactions. In particular, consolidated revenues and operating margins benefited from a solid performance of the Energy Efficiency business and the continuous improvements of the Environment and Circular Economy business, also as a result of the recent Cobat acquisition. In detail, the **Environment and Circular Economy business** recorded Revenues of €49.3M (+27% vs 1Q21PF of €40.3M); the business unit strengthened its strategic position with higher volumes and increase in average prices if compared to 2021. Waste disposal showed decreasing volumes in line with business plan forecasts, fully offset by increasing prices. The management's ability in optimizing the subsidiaries' operating efficiency and profitability had an important impact on the quarter performance: Green Up recorded revenues of €15.8M, Vescovo Romano, recorded revenues of €3.6M and especially Cobat recorded a significant growth in revenues to €28.5M (1Q21: €22.5M). The newly acquired SEA contributed in the quarter €1.4M to total revenues. At the end of March 2022, the business unit employed 233 people, with an increase of 27 units. The **Energy Efficiency business** recorded revenues of €24.8M (equal to the result achieved in the entire first half of 2021), mainly driven by the HouseVerde project (sustainable energy requalification thanks to the 110% ecobonus) In

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addition, in order to fully benefit from government interventions in terms of incentives dedicated to energy efficiency, the business unit expanded its workforce by 11 employees to reach a total of 61 units at the end of March 2022.

The revenue dynamic was also reflected in EBITDA, which in the quarter recorded €11.7M. The **Environment and Circular Economy business** contributed €7.9M to consolidated EBITDA (+57% vs. 1Q21PF of €5M), recording an EBITDA margin increasing to 16% (2021PF: 13%). With like for like perimeter (excluding Cobat), 1Q22 EBITDA margin was 29%, up from 26% for the full year 2021 as a result of the increase in volumes and prices as well as cost optimizations and efficiencies. The **Energy Efficiency business** contributes €4.2M to consolidated EBITDA in 1Q22 (in line with the result achieved in the entire first half of 2021) thanks to the HouseVerde Project. EBITDA margin is confirmed at 17% thanks to a farsighted equipment purchasing policy that has allowed the group to find itself with locked-in contracts with major suppliers in a general context characterized by a marked increase in materials prices. The parent company's fixed costs amounted to €0.4M in the period.

As a result of the above, EBIT amounted to €6.5M with an increase in the EBIT margin to 9% compared to 5% in FY21PF. The increase in margins recorded in all core businesses and the lower volumes of waste disposed in the period, led to lower accruals to closing and post-closing provisions, gradually reducing the gap between EBITDA and EBIT.

In summary, revenues and margins for 1Q22 compared to the full year 2021 are summarized below:

<i>MEuro</i>	1°QTR22	<i>% on Revenues</i>	FY21	<i>% on Revenues</i>
Environment & Circular Economy	49,3		169,8	
Energy Efficiency	24,8		67,4	
Others	0,0		0,6	
Ricavi Totali	74,1		237,8	
Environment & Circular Economy	7,9 16%		22,6 13%	
Energy Efficiency	4,2 17%		11,2 17%	
Others	(0,4)		(0,8)	
EBITDA	11,7		32,9	
<i>Margin</i>	16%		14%	
Amortisation & Depreciations	(4,4)		(16,4)	
Provisions	(0,8)		(5,8)	
EBIT	6,5		10,7	
<i>Margin</i>	9%		5%	

The consolidated **Net Financial Position** as of 31 March 2022 was negative at €-26.3M, up from €-10M as of 31 December 2021. The profitability generated during the period and the capital increase dedicated to institutional investors in January 2022 of €4.2M were used to finance Capex (€4.2M), M&A (€14.5M, including M&A consolidated debt of €7.2M), while uncertainty experienced by the banks with reference to 110% ecobonus tax credits resulted in an increase in net working capital of about €13M, with a consequent lengthening in fiscal credit settlement.

<i>MEuro</i>	1QTR22	FY21	Δ
Cash on hand	18,3	25,0	(6,6)
Financial Assets	3,1	3,0	0,1
Financial Liabilities	(48,0)	(38,0)	(10,0)
PFN	(26,6)	(10,0)	(16,6)

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In January 2022, Banca Progetto further financed the Group with €10M used for the development of the Environment and Circular Economy business. The financial debt of the companies acquired in the M&A activity in the period, amounting to €7.2M, which was almost entirely offset by a reduction in Cobat's financial debt of €3.6M and by the payments in the quarter of €3.5 M of part of the residual debt as at 31 December 2021 arising from the acquisitions that took place last year.

Key corporate events in Q1 2022

M&A activity

In the first quarter of 2022, Haiki+ acquired in two tranches 89.996% of S.E.A. S.p.A., - Servizi Ecologici - Ambientali" ("SEA"), a company located in Romano d'Ezzelino (VI) active in the collection, recovery and treatment of waste from electrical and electronic equipment ("WEEE"). The acquisition is part of an industrial path aimed at creating a virtuous WEEE recycling chain based on the availability of technical plants located in strategic locations throughout the country in order to ensure complete coverage of the same from a geographical point of view. The operation also allows the Group to continue its path of growth and presidium of a high value-added supply chain, acquiring a newly designed and built treatment plant (the one dedicated to the treatment of group R1 equipment) in a market where treatment plants are rare and often outdated. Finally, the acquisition brings on board some key figures with proven technical and managerial skills in the management of plants dedicated to the recovery of WEEE. The consideration for the acquisition is €3,625k, of which €2,750k paid in cash and the remainder to be paid in five annual instalments worth €175k each by 31 December of each year, starting from 31 December 2022. With the acquisition of SEA, the group consolidates the subsidiary's own financial debt for about € 5M. Moreover, also in the first quarter, the Group increased its equity investment in Cobat S.p.A. from 56.45% to 75.96% with payment of a consideration of €2.3M for 19.51%. Lastly, on 24 February 2022, Green Up S.p.A. acquired 100% of the equity investment of the related company Bensi 3 S.r.l., owner of the lease of the building in Via Bensi 12/3 Milan (value Euro 3.6 million) leased by the latter to the subsidiary and adjacent to the Group's headquarters. The consideration for the purchase of the equity investment amounted to €1.4M, in addition to the remaining real estate lease payable of €2.2M.

Equity and debt

In January 2022, in light of the strong interest shown by qualified investors in Innovatec's business model and equity story, the Company placed through an "accelerated bookbuilding procedure" reserved for Qualified Investors no. 2,368,000 ordinary shares, equal to approximately 2.48% of its share capital (post-capital dedicated increase), at a price of €1.755 per share for a total consideration €4,155,840.00. In addition, in the same month of January, Green Up S.p.A. obtained from Banca Progetto S.p.A. a further loan agreement for €10 million with the same terms as the previous loans received from the latter assisted by the guarantee granted by the Central Guarantee Fund equal to 90% of the amount.

Outlook for operations

Innovatec confirms the growth drivers outlined in the 2022-2024 Development Plan and the commitments to a balanced and sustainable development in all its core businesses, as well as to the development of end-to-end service offerings in terms of circularity and sustainability with a wide range of concrete and innovative projects, also capable of intercepting the funding opportunities of the PNRR.

As far as the **Energy Efficiency** business is concerned, Innovatec Power will focus during the year on energy and seismic upgrades of private buildings, individual houses and condominiums, as part of the Progetto HouseVerde and it will work to accelerate the energy upgrades of public buildings through the Kyoto fund instruments and government incentives. Innovatec Power will also continue its sales activities in the industrial sector promoting the implementation of interventions to improve energy efficiency process as well as agricultural photovoltaics plants.

With regard to the **Environment and Circular Economy** business, the next months will be dedicated to pursuing the authorisation paths aimed at providing the Group with a renewed and expanded plant portfolio, going on to achieve new treatment capacity in the areas historically covered in Lombardy and Piedmont. In the coming months the sales function will focus on the acquisition of new customers, with the intention of increasing the Group's critical

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mass. The improvement of the Asset Base of the business unit will also be accelerated through further M&A activities that will complete the path started at the beginning of the year with the acquisition of the majority shareholding in SEA, with the intention of qualifying as a reference pole for the treatment of WEEE in Italy. In order to make the companies acquired more efficient and profitable, the Group's management will continue its work of consolidating and creating synergies, with specific attention to Cobat which, due to its size, capacity, territorial footprint and strategic nature, has wide margins for expansion in terms of both revenues and margins.

To date there are uncertainties in the super ecobonus sector linked to the vagueness of the regulatory framework and the inability of the banking system to absorb further tax credits. A strong hope is that the ecobonus initiative, that has proved to be strategic for the relaunch of the Country towards the ambitious goals of ecological transition, will be adequately and timely supported by regulatory interventions that restore certainty to operators of this sector.

The Report of the Board of Directors on the operating and financial results for the first quarter of 2022 is available on the company website www.innovatec.it.

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

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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 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 way to the needs of its customers in the circularity and sustainability business. With a proposal that integrates energy efficiency services 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, aiming at the compatibility between development and protection of the territory.

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