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Oggetto : BOARD OF DIRECTORS APPROVES
PRELIMINARY 1 HALF 2023 RESULTS

Testo del comunicato

Vedi allegato.



PRESS RELEASE

INNOVATEC S.p.A.

BOARD OF DIRECTORS APPROVES PRELIMINARY 1 HALF 2023 RESULTS

DEVELOPMENT CONTINUES: 1H2023 €15 MILLION IN CAPEX AND M&A

REVENUE AND EBITDA IN LINE WITH FORECASTS

- **EBITDA MARGIN IMPROVED TO 13% (vs FY2022: 11%)
DRIVEN BY DEVELOPMENT IN THE ENVIRONMENT AND CIRCULAR ECONOMY BUSINESS
(20% vs 'FY2022: 12.5%)**

**REVENUES: €95 MILLION (1H22: €163 MILLION)
IMPACTED BY THE STOP OF THE ECOBONUS AND THE DIFFICULT MACROECONOMIC
SCENARIO IN SOME ENERGY-INTENSIVE CLIENT SECTORS**

EBITDA AT €12 MILLION (1H22: €22 MILLION)

**EBIT AT €2.2 MILLION (1H22: €14 MILLION)
DUE TO THE 1H2023 REBALANCING OF THE BUSINESS MIX**

NFP_{ADJ}¹ AT 30.06.2023 AT €-44 MILLION (31.12.2022: €-42 MILLION)

- **Capex (€11.6 MILLION) and M&A (€3.6 MILLION)**
- **gradual reduction of ecobonus credit exposure: collected in 1H23 €18.5 million**

**CONFIRMED THE GROUP'S ABILITY TO RESPOND PROMPTLY TO MARKET DYNAMICS AND
NEW OPPORTUNITIES**

SIGNIFICANT DEVELOPMENT IN BUSINESS AREAS SUCH AS B2B, PA AND PHOTOVOLTAICS

2023 GUIDANCE CONFIRMED, WITH ECONOMIC PERFORMANCE IN LINE WITH 2022

Milan, 3 August 2023 - The Board of Directors of **Innovatec S.p.A.** (BIT: **INC**, ISIN: **IT0005412298**), listed on the Euronext Growth Milan stock market ('**EGM**'), met today to review and approve the preliminary operating results as of 30 June 2023.

¹ In compliance with comunicazione CONSOB n. DEM/6064293 28 July 2006 and Raccomandazione. ESMA/2013/319 20 March 2013 net Ecobonus 110% tax credit already approved and accepted by Tax Authorities ("Cassetto Fiscale") 30/06/23 and 31/12/2022

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CEO Matteo Marini commented: *"The results of the first half of 2023 - in line with expectations - reflect the macroeconomic uncertainties gained shape since the second half of 2022 with impacts on some production sectors in which the Group operates. The regulatory stop&go and the uncertainties related to the assignment of tax credits from ecobonus 110% further exacerbated the context, resulting in the decision not to sign new contracts unless there are additional bank credit lines available for the Group. The opening of the financial institutions to assignments - which took place in July - will allow the start-up of new construction sites with adequate margins. The Energy Efficiency and Renewable business unit had already begun to readjust its strategic drivers in the latter part of 2022, anticipating the expected downsizing of the 110% ecobonus, accelerating the refocusing of its industrial strategies, giving greater impetus to B2B and PA, as well as with the start-up of a business unit dedicated to the development and construction of PV plants, towards finding the right balance between volumes and margins. The latter is starting to generate positive results from the last quarter of this year, as it can now count on a pipeline of about 400MWp. The Environment and Circular Economy business unit partially offset the sharp drop in the 110% ecobonus business, recording an EBITDA margin of 20%, up from last year. The above, as well as the difficult macroeconomic environment in some energy-intensive sectors and the decrease on lead and paper prices, had an impact on Group first half revenues. The development of plant capacity and the integration processes and synergies of the newly acquired operating units also for a commercial point of view continues. We continue with our strengthening plan and are confident that we can progressively achieve EBITDA 2023 in line with the last year."*

The operating results as at 30 June 2023 are as follows:

Gruppo Innovatec

Meuro

	1H23	1H22
REVENUES	95,5	163,0
EBITDA	12,0	22,4
% EBITDA	13%	14%
EBIT	2,2	14,1
% EBIT	2%	9%
Manpower	415	423

Innovatec, in 1 half 2023 reported positive results, despite a difficult macroeconomic environment. In this scenario - further exacerbated by the regulatory and financial stop&go on the ecobonus side - Innovatec reported revenues and margins in line with expectations, with EBITDA amounting to Euro 12 million and improving the EBITDA margin to 13% compared to the 11% FY2022 figure (1H22: 14%).

Revenues amounted to Euro 95 million (1H22: Euro 163 million), due to the reduction of the 110% ecobonus business as a result of the regulatory and financial uncertainties starting from the second half of 2022; overall, the **Energy Efficiency & Renewable** business amounted to Euro 15 million (1H22: Euro 61 million). Revenues for the period were also affected by the drop in volumes recorded by the **Environment & Circular Economy** business (1H23: Euro 80 million vs. 1H22: Euro 102 million) as a result of the difficult macroeconomic environment experienced by the specific markets in this first part of 2023, with repercussions on certain production sectors in which the Group operates, specifically those with exposure to particularly energy-intensive customers, such as batteries and paper.

EBITDA amounted to Euro 12 million (1H22: Euro 22.4 million) and followed the trend recorded by revenues, partially offset by a higher contribution to profitability for the period of the Environment and Circular Economy business. **EBITDA of the Environment & Circular Economy business** amounted to Euro 16 million, up 18% from Euro 13.6 million in 1H22, demonstrating the solidity of the business and its ability to create value, synergies and optimisation from the Group's asset base, even in the presence of the already mentioned uncertain

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PRESS RELEASE

macroeconomic scenario. The Group's objective is to focus more and more on developing the plant capacity and integration of the newly acquired companies in order to further create value from commercial and cost synergies. **EBITDA in the Energy Efficiency & Renewable business** was negative at Euro -2.8 million (1H22: Euro 10.1 million) and was affected by the reduction in ecobonus orders, higher costs arising from the extension of construction sites underway, and the start-up and managerial and commercial structuring costs of the B2B and PA BUs as well as the new renewables business unit, which will progressively express their full potential in terms of revenues and margins starting from the last quarter of the year. The latter business unit can already count on a pipeline of more than 400MWp, while activities are underway to develop B2B EE, those deriving from agreements with BF S.p.A. (Bonifiche Ferraresi), Coldiretti and Acli terra, as well as those deriving from the PA sector (i.e. Campi Salentino). The parent company Innovatec S.p.A. recorded in the first half net expenses of apx. Euro 1.2 million (1H22: Euro 1.3 million).

EBIT amounted to Euro 2.2 million in the 1H23 (1H22: Euro 14.1 million) due to the results of the Environment and Circular Economy business (Euro 6.7 million), more capital-intensive activity than Energy Efficiency and Holding BUs, which contribute negatively to Group EBIT by Euro -3.1 million and Euro -1.4 million respectively.

Below are the 1H23 operating results by line of business compared to the 1H22:

<i>MEuro</i>	1H23	<i>% on Revenues</i>	1H22	<i>% on Revenues</i>
Environment & Circular Economy	80,1		102,0	
Energy Efficiency	15,2		61,0	
Others	0,1		0,0	
REVENUES	95,5		163,0	
Environment & Circular Economy	16,0	20%	13,6	13%
Energy Efficiency	(2,8)	-19%	10,1	17%
Others	(1,1)		(1,3)	
EBITDA	12,0		22,4	
<i>Margin</i>	13%		14%	
Environment & Circular Economy	6,7	8%	6,0	6%
Energy Efficiency	(3,1)	-20%	9,9	16%
Others	(1,4)		(1,9)	
EBIT	2,2		14,1	
<i>Margin</i>	2%		9%	

The **Headcount** as at 30 June 2023 was 415 (end of 2022: 423). The average in 1H22 was 417, up from 336 in 2022.

Capex investments in 1H23 amounted to Euro 11.6 million. The path of increasing the Group's asset base and treatment, recycling and disposal capacity for non-hazardous waste materials continues. The capex for the construction of the treatment plant for the recovery of lithium batteries (capacity: 4ktons per year) amounted in the 1H23 to Euro 1.4 million, with completion and start of operations by the first half of 2024. In addition, during these first six months of 2023, the plasterboard recycling plant was authorised for a capacity of 30ktons per year as well as the Lazzate treatment plant for a capacity of 50ktons per year and the expansion of the Albonese landfill for 400ktons. During the half-year, construction of the first tank of the new Bossarino (SV) plant lot was also completed: the new tank increases the volumetric capacity of non-recoverable non-hazardous industrial waste by 600ktons.

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M&A activity continued in the first half of the year (Euro 3.6 million), focused on the acquisition of incremental shares of companies already present in the Group and minority interests related to the development of the core business. The Group participated for its share (Euro 0.8 million) in the capital increase resolved by ESI S.p.A. listed on the EGM. The shareholding in ESI increased to 32.47% as at 30 June 2023. The Group also increased its equity investment in SEA S.r.l. to 100% (Euro 0.3 million). Lastly, in light of the strategic agreement signed with BF S.p.A. (Bonifiche Ferraresi) to develop and offer integrated energy efficiency system solutions for the agritech market and to consolidate and develop this alliance, the Group acquired a minority stake in Arum S.p.A. (Euro 2.5 million) - currently BF's relative majority shareholder at 21.89% - in which Coldiretti and several leading investors in the national agrifood and financial scene are present.

The **Adjusted Net Financial Position² ("NFPAdj")** as of 30 June 2023 was negative at about Euro 44 million (net of ecobonus tax credits of Euro 18 million already accepted by the tax authorities "cassetto fiscale"), up from the NFPAdj as of 31 December 2022 of Euro 42 million (net of ecobonus tax credits of 7 million). The positive cash generation from operation was entirely offset by Capex and M&A (Euro 15 million). During the first half of the year, about Euro 18.5 million of 110% ecobonus credits generated in 2022 were gradually collected. Receivables and invoices to be issued related to the ecobonus as at 30 June 2023 of approximately Euro 47 million will be partly offset against income taxes, sold to suppliers and subcontractors as well as sold to financial institutions against current and additional plafonds under negotiation. The NFP as of 30 June 2023 prepared in accordance with CONSOB Communication No. DEM/6064293 of 28 July 2006 and pursuant to Recommendation. ESMA/2013/319 of 20 March 2013, is negative at approximately Euro -62 million (Euro -50 million as of 31 December 2022).

Guidance 2023

Innovatec confirmed the Group's ability to readily readjust its strategic drivers in the first half of the year, anticipating the expected downsizing of the 110% eco-bonus and accelerating its industrial strategies towards new areas, with the right balance between volumes and margins.

In this scenario, the potential of the reference markets and the great opportunities available to the Group remain intact:

The Group is continuing to:

- completing investments in treatment plant capacity and in new niche markets for waste.
- completing the plant for the recovery of end-of-life lithium batteries;
- pushing harder into B2B, PA and Community with innovative service offerings;
- the signing of new agri-voltaic orders resulting from agreements with BF S.p.A., Coldiretti and Acli terra;
- the development of PA business with an offer of nZEB services already tested with the recent awarding of the Campi Salentino order (see press release of 31 May 2023);
- the development of authorisation and construction of photovoltaic plants (orders in the pipeline for about 400MWp).

The results of these actions will be visible from the last quarter onwards, with the aim of further increasing margins, reducing net working capital (also through the collection of ecobonus tax credits) and maintaining the NFP at a physiological level.

Based upon the above, we are confident that we can progressively achieve a performance by 2023 that is substantially in line with 2022. The focus on cost management, synergies and efficiencies remains high and the Group remains committed to the continuous development of innovative and increasingly sustainable solutions to improve the competitiveness and quality of the services offered.

The **2023-2026 Development Plan** will be presented to the market at the Board of Directors' meeting to approve the interim financial statements for the first half of 2023, scheduled for the end of September 2023.

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

² In compliance with comunicazione CONSOB n. DEM/6064293 28 July 2006 and Raccomandazione. ESMA/2013/319 20 March 2013 net Ecobonus 110% tax credit already approved and accepted by Tax Authorities ("Cassetto Fiscale") 30/06/23 and 31/12/2022

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PRESS RELEASE

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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