



**PRESS RELEASE**

**INNOVATEC S.p.A.**

**BOARD OF DIRECTORS APPROVES 9 MONTHS RESULTS ENDED 30 SEPTEMBER 2022**

**SOLID PERFORMANCE OF ALL ECONOMIC INDICATORS IN LINE WITH PLAN  
9M 2022 RESULTS CLOSE TO THOSE OF FULL-YEAR 2021**

- Revenues €222 million
- EBITDA €27.1 million

**EBIT €15.6 million EXCEEDED (+46%) FULL-YEAR 2021PF RESULTS (€10.7 million) THANKS TO A DIFFERENT REVENUE MIX AND ENERGY EFFICIENCY BUSINESS CONTRIBUTION, LESS CAPITAL INTENSIVE VS ENVIRONMENT AND CIRCULAR BUSINESS**

**DESPITE THE MACROECONOMIC CONTEXT, GROUP OPERATING MARGINS ARE MAINTAINED**

- EBITDA margin 12%
- EBIT margin 7%

\*\*\*\*\*

**GROWTH PATH CONTINUES  
THROUGH INDUSTRIAL INVESTMENTS, ACQUISITIONS AND HUMAN RESOURCES:**

- Capex: €12.4 million
- M&A: €15.9 million
- HR: +78 people

\*\*\*\*\*

**Adjusted NFP AT 30.09.2022 A €-34 million (31.12.2021: €-10 million)  
as a result of M&A, Capex and NWC increase**

**GROUP FINANCIAL INDICATORS REMAIN AT FULLY PHYSIOLOGICAL LEVELS**

**Milan, 18 November 2022** - The Board of Directors of **Innovatec S.p.A.** (BIT: **INC**, ISIN: **IT0005412298**), listed on the Euronext Growth Milan ("**EGM**") market, met today to review and approve the operating and financial results for the nine months ended 30 September 2022.

**Elio Cosimo Catania**, Chairman of Innovatec, commented: "*Despite the macroeconomic context characterised by a general price increase in energy and raw materials, as well as the constant referrals in the ecobonus 110% regulatory framework, we express a positive view regarding the results achieved year to date, that confirm our growth path trend. Revenues and EBITDA as at 30 September are close to full-year 2021 figures, while EBIT already exceeds last year's value. This confirms the effectiveness of the initiatives underlying our plan and the company's reactive ability to respond promptly to ongoing business change and to new opportunities. These results - in line with expectations and with the path set out by our three-year plan - allow us to look forward to the end of the year with confidence. We will follow with great attention the evolution of the market and of energy and raw material*

**Innovatec S.p.A.**

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*costs as well as the 110% ecobonus regulatory framework to constantly verify the adequacy of our cost structure and overall competitiveness in line with our development plan, remodelling our service offering if necessary."*

The operating and financial results for the period ended 30 September 2022 compared with the full year 2021 including the 2021 Cobat S.p.A. figures ("FY21PF"), can be detailed as follows:

### Innovatec Group

*Euro/000*

KEY ECONOMICS	9M 2022	FY21PF
<b>Revenues</b>	<b>222,3</b>	<b>237,8</b>
EBITDA	27,1	32,9
% EBITDA	12,2%	13,8%
EBIT	15,6	10,7
% EBITDA	7,0%	4,5%
<hr/>		
KEY FINANCIALS	30 Sept 22	31-dic-21
PFN	(44,0)	(10,0)
PFN Adjusted *	10,0	(10,0)
Personnel	338	260

\*Effect of a timely cash granted by banks in relation to ecobonus 110% tax credit assignment of €10m

The sound results achieved in the first nine months of the year confirm the effectiveness of our business model despite the current macroeconomic scenario with repercussions for energy-intensive companies in their production phases. During the period, Innovatec confirmed a solid performance of all economic indicators in line with the Plan, with Revenues and EBITDA close to those of the full year 2021: **Revenues for the first nine months amounted to €222 million** (full year PF21: €238 million) and included the positive results of the Energy Efficiency business - which generated revenues of €79 million driven by the HouseVerde Project - as well as those of the Environment and Circulation business, which recorded revenues of €143 million with increasing volumes and prices. The dynamics of Revenues were reflected in the gross and net operating margins for the period, respectively at **€27.1 million (EBITDA)** (full-year PF2021: €32.9 million) and **€15.6 million (EBIT)**, the latter up by 46% compared to FY21PF of €10.7 million.

Despite the worsening macroeconomic context, the Group continued to leverage development in M&A, capex, HR and organization structure, maintaining its operating margins. In addition to the above, the third quarter Innovatec results was also affected by the seasonal nature of the business as well as by the current 110% ecobonus regulatory and financial issues. EBITDA margin of 12% as of 30 September 2022 was down by about two percentage points (14%) compared to the FY21PF and 1H22. With regard to the ecobonus 110% issues, Innovatec in the third quarter of 2022, demonstrating its well-established reactive ability to seize market and PNRR (Recovery Plan) opportunities, strategically slowing down the volume and additional new backlog contracts, postponing work on residential building and accelerating work on single houses as well as launching a new business unit dedicated to Photovoltaics - B2B. The new business unit will use the experience of the recently acquired companies ESI S.p.A. (EPC company listed on the EGM) and Frisbi S.r.l. (an innovative start-up for the supply B2B and B2C of green energy and services) respectively to carry out future initiatives in the in photovoltaics and produce renewable energy to be distributed to businesses, households and energy communities. In addition, the current energy scenario led to increases in transport and industrial waste disposal costs in the third quarter, which were only partly transferred to customers as a result of contracts (particularly on 'large customers') that do not allow for a review 'in itinere', but only at the time of annual renewal.

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Finally, the implementation of efficiencies, optimizations and synergies with recent company acquisitions will allow in 2023 to potential offset the aforementioned increase in the general and structure costs incurred for business development and M&A activities.

Below are the operating results at 30 September 2022 per business line compared with FY21PF and the 1H22 results:

<i>€m</i>						
	30-Sep-22	% on Revenues	30-Jun-22	% on Revenues	31-Dec-21 Pro-Forma	% on Revenues
Env. & Circular Economy	142,6	64%	102,0	63%	169,8	71%
Energy Efficiency	79,5	36%	61,0	37%	67,4	28%
Others	0,2	0%	0,0	0%	0,6	0%
<b>Revenues</b>	<b>222,3</b>	<b>100%</b>	<b>163,0</b>	<b>100%</b>	<b>237,8</b>	<b>100%</b>
Env. & Circular Economy	17,8	12,5%	13,6	13,3%	22,6	13,3%
Energy Efficiency	10,9	13,7%	10,1	16,6%	11,2	16,6%
Others	(1,6)		(1,3)		(0,9)	
<b>EBITDA</b>	<b>27,1</b>	<b>12,2%</b>	<b>22,4</b>	<b>13,7%</b>	<b>32,9</b>	<b>13,8%</b>
Env. & Circular Economy	7,7	5,4%	6,1	6,0%	2,0	1,2%
Energy Efficiency	10,1	12,7%	9,9	16,2%	9,7	14,4%
Others	(2,3)		(1,9)		(1,0)	
<b>EBIT</b>	<b>15,6</b>	<b>7,0%</b>	<b>14,1</b>	<b>8,6%</b>	<b>10,7</b>	<b>4,5%</b>

The Energy Efficiency ("**EE**") **business**, recorded **Revenues of €79.5 million** (driven by the ecobonus 110%) exceeding the entire 2021 full year results of €67.4 million. As already explained above, third quarter EE business results was not only affected by the seasonal nature (summer) of the business but also by the strategic decision to slow down activity and postponing work on residential buildings to 2023, while waiting for a final definition on the regulatory and financial ecobonus 110% issues. The EE business - as planned - increased in the first 9M22 its workforce of 32 units reaching at the end of September 2022 86 units.

The Environment and Circular ("**EC**") **business** recorded **Revenues of €142.6 million** and as the EE business, it was affected by seasonality. In the first 9 months of 2022, the business unit strengthened its strategic positioning with higher volumes and increased average prices compared to 2021. Landfill activities showed a downward trend in volumes disposed of, fully offset by rising prices. The business unit's workforce at end-September was up to 252 units (+46 units vs 2021 of which 42 units joined the group as a result of SEA S.p.A. acquisition).

With regard to **EBITDA** of the first 9month 2022, the **EE business EBITDA was up to €10.9 million** almost equal to the entire 2021 (€11.2 million). Margins in the third quarter of 2022 were affected by the aforementioned EE revenue dynamics as well as a moderate increase in overhead and structural costs incurred for the development of activities and in particular for the new business unit dedicated to Photovoltaics - B2B. The EBITDA margin stood at 13.7% at 30 September (FY21PF: 16.6%).

**EC business recorded a €17.8 million EBITDA** compared to the full-year pro forma 2021 of €22.6 million. EBITDA *margin* of 12.3% is consistent with the 2021 results (FY21PF: 13.5%) slightly impacted by the increase in transport and disposal costs as a result of the current macroeconomic energy scenario as well as the increase in overhead and structural costs incurred for business development and M&A activity.

Net fixed costs of the holding company amounted to €1.6 million in the period (FY21PF: Euro 0.9 million). Despite the worsening macroeconomic scenario, the Group continued to leverage development in M&A, capex, and HR, resulting in higher fixed overhead costs. At the same time, actions have been implemented to pursue efficiencies, optimisations and synergies with recent acquisitions, which will take effect in 2023.

As a result of the above, **EBIT** for the period came to **€15.6 million**, +46% (Euro +4.9 million) higher compared to FY21PF (Euro 10.7 million). **EBIT margin was up to 7%** compared to 4.5% of FY21PF, a result achieved thanks

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to the higher contribution of the EE business (a less capital-intensive business compared to EC business), as well as the lower use of landfills, with the consequent reduced impact of provisions to closing and post-closing provisions, progressively closing the gap between EBITDA and EBIT, to the benefit of the Group's overall net profitability in line with plan disclosed to financial community at the beginning of February 2022.

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The **Net Financial Position** as of 30 September 2022 was negative at €-44 million, up from €-10 million as of 31 December 2021. The €34 million increase mainly resulted from Capex (€12.4 million) and M&A (€23.6 million, including the related consolidated debt of €7.7 million) partially offset by a capital increase dedicated to institutional investors in January 2022 and to the SEA sellers for respectively €4.2 million and €2million. The cash flow generated over the period financed the increase in the net working capital of about €27 million, the latter mainly due to the lengthening of the time required to cash the 110% ecobonus tax credits caused by the general climate of uncertainty fuelled by the erratic behaviour of the national legislator. A timely cash granted by banks from ecobonus 110% tax credit assignment, would have resulted in an **Adjusted Net Financial Position of €-34 million**.

€m					€m	
NFP	30-Sep-22	30-Jun-22	31-Dec-21 Pro-Forma	Δ	CASH FLOW	30-Sep-22
Cash on hand	7,4	17,9	25,0	(17,6)	<b>EBITDA</b>	<b>27,1</b>
Financial Assets	3,0	3,0	3,0	(0,0)	Delta NWC	(27,2)
Financial Liabilities	(54,4)	(50,4)	(38,0)	(16,4)	Capex	(12,4)
<b>NFP</b>	<b>(44,0)</b>	<b>(29,5)</b>	<b>(10,0)</b>	<b>(34,0)</b>	M&A	(15,9)
<i>HV NWC Adj.</i>	<i>10,0</i>	<i>8,6</i>	<i>-</i>	<i>10</i>	Additional Debt from M&A	(7,7)
<b>NFP Adjusted</b>	<b>(34,0)</b>	<b>(20,9)</b>	<b>(10,0)</b>	<b>(24,0)</b>	Others	(4,1)
					<b>Operating CF</b>	<b>(40,2)</b>
					Capital Increase	6,2
					<b>Change in NFP</b>	<b>(34,0)</b>

Group financial indicators remain at fully physiological levels.

### **FORESEEABLE BUSINESS OUTLOOK**

The European macroeconomic context in the last quarter 2022 is as yet uncertain and complex, characterised by the energy crisis and by rising inflation and interest rates. In Italy, although the industry has proved more resilient to the economic situation than that of Germany and France, since the second quarter of 2022 it has begun to show the first signs of weakness, especially in those sectors that have suffered most from the high energy prices. In addition, the repeated regulatory changes related to ecobonus 110% have not only generated uncertainties as to the future of the incentive measure, but also slowed down the development of these initiatives.

Due to its business, the Group was only marginally exposed to high energy prices (transport and disposal of clients' industrial waste), which were only partly passed on to customers. However, the high cost of energy has started to have a negative impact on the business of some of Group customers (buyers of raw materials from recycling activities), with turnover impacts. While the above 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, on the other hand has fuelled the demand for energy efficiency solutions, and in particular for photovoltaics.

Regarding the EE business, Innovatec will carefully focus on monitoring ecobonus 110% regulatory and financial developments (a dialogue is open with financial institutions for granting additional plafonds for tax credit

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assignments). We are closely following the evolution of the decree-laws regulating these matters under discussion in these hours. At the same time, we will emphasise the development of the new photovoltaic business unit in order to seize the market opportunity in this sector.

With regard to the Environment and Circular business, in the coming months, activities will be focused on pursuing authorisation paths aimed at providing the Group with a renewed and expanded portfolio of plants, in order to obtain new treatment capacity in the areas historically covered (Lombardy and Piedmont).

In addition, it will be the Group's objective to review prices and tariffs on services rendered to customers at contract renewal date in order to cover at least part of the increase in energy costs incurred.

In summary, the evolution of the market and of energy and raw material costs as well as of regulatory framework regarding ecobonus 110%, will be object of close attention by the Group in order to constantly verify the adequacy of Innovatec cost structure and overall competitiveness in line with the Plan, remodelling the service offering if necessary. It is the Group's objective to optimise and seek efficiencies on the overhead and structural costs side in order to maximise possible synergies between the companies and in particular regarding the recently acquired companies by continuing the consolidation and integration activities within the Group.

This press release is available on the website of Borsa Italiana and on the Company's website [www.innovatec.it](http://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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