



PRESS RELEASE

INNOVATEC S.p.A.

BOARD OF DIRECTORS APPROVES 1QTR 2023 RESULTS AND GUIDANCE

**DEVELOPMENT CONTINUES: €5.1 MILLION CAPEX IN
THE ENVIRONMENT AND CIRCULAR ECONOMY BUSINESS**

**REVENUE AND EBITDA GUIDANCE 2023 IN LINE WITH FY22
IN A DIFFICULT MACROECONOMIC AND REGULATORY ENVIRONMENT**

POSITIVE MEDIUM LONG TERM OUTLOOK: EBITDA TARGET TO 2024 CONFIRMED

IN 1QTR 2023: REVENUES AND MARGINS IN LINE WITH FORECASTS

EBITDA MARGIN INCREASE AT 16% (FY22: 11.2%)

**THE STOP OF THE ECOBONUS BUSINESS AFFECTS REVENUES:
€49.4 million (1Q22: €74.1 million)**

**EBITDA A €8 million (1Q22: €11.7 million)
ENVIRONMENT AND CIRCULAR ECONOMY BUSINESS CONTRIBUTES €9.3 MILLION (+17%)**

**EBIT AT €2.6 MILLION (1Q22: €6.5 MILLION)
EBIT MARGIN 5%**

**NET FINANCIAL POSITION AT 31.03.2023 AT €-56m (AT 31.12.2022: €-50m)
gradual reduction of ecobonus 2022 credit exposure: collected in 1QTR 2023 €13 million**

**GROUP CONFIRMS CAPACITY FOR SUSTAINED GROWTH IN THE MEDIUM LONG TERM
OUR DRIVERS:**

- **plant development and new offerings in the core businesses Circular Economy and Renewables**
- **consolidation and integration of acquired companies**

Milan, 19 May 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 operating and financial results as of 31 March 2023.

CEO Matteo Marini commented: "The results of the first quarter 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 Environment and Circular Economy business unit, a core sector for the Group's development, showed solidity in terms of both revenues and margins, focusing on the

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development of plant capacity and integration of the newly acquired companies in order to create value from commercial and cost synergies. The Energy Efficiency and Renewable Energies business unit had already begun to readjust its strategic drivers in the latter part of 2022, anticipating the expected downsizing of the 110% ecobonus and accelerating its industrial strategies towards finding the right balance between volumes and margins. The start-up of a BU dedicated to the development and construction of photovoltaic plants is beginning to generate positive results, with a pipeline of about 300MWp to date. On this basis of the above and based upon the actions put already in place, despite the extremely volatile macroeconomic and regulatory scenario, we are continuing with our strengthening plan and are confident that we can progressively achieve an EBITDA during 2023 at least equal to that achieved in 2022."

The operating results as at 31 March 2023 are as follows:

Innovatec Group

Meuro

	1QTR23	1QTR22
REVENUES	49,4	74,1
EBITDA	8,0	11,7
% EBITDA	16%	16%
EBIT	2,6	6,5
% EBIT	5%	9%
	31-mar-23	31-dic-22
PFN/(Net Fin. Indebt.)	(56,4)	(49,7)
<i>Manpower</i>	415	423

Innovatec, in 1QTR 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 the quarter in line with expectations, with EBITDA amounting to Euro 8 million and improving the EBITDA margin to 16% compared to the 11.2% FY2022 figure (1QTR22: 16%).

Revenues amounted to Euro 49.4 million (1QTR22: Euro 74.1 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 and Renewable Energies business amounted to Euro 8.3 million in the quarter (1QTR22: Euro 24.8 million). Revenues for the period were also affected by the drop in volumes recorded by the Environment and Circular Economy business (1QTR23: €41 million vs. 1QTR22: €49.3 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 8 million (1QTR22: Euro 11.7 million) and follows the revenue trend, partially offset by an higher contribution to profitability of the Environment and Circular Economy business. EBITDA of the Environment and Circular Economy business amounted to Euro 9.3 million, up 17% from Euro 7.9 million in 1QTR22. EBITDA of the Energy Efficiency business was negative at Euro - 0.7 million (1QTR22: Euro 4.2 million) and was affected by the reduction in ecobonus 110% orders as well as the increase in the start-up costs of the new renewable energy business unit, which will progressively express its full potential in terms of revenues and margins in the second half 2023. The parent company Innovatec S.p.A. recorded in the first quarter net expenses of apx. Euro 0.8 million (1QTR22: Euro 0.6 million). The Group continues to focus on HR development while actions were implemented to increase cost efficiencies and synergies where the benefits are gradually becoming apparent during 2023. **EBIT** amounted to Euro 2.6 million (1QTR22: Euro 6.5 million) as a result of a lower weight in the first quarter of the Energy Efficiency business, less capital-intensive than the Environment and Circulation business.

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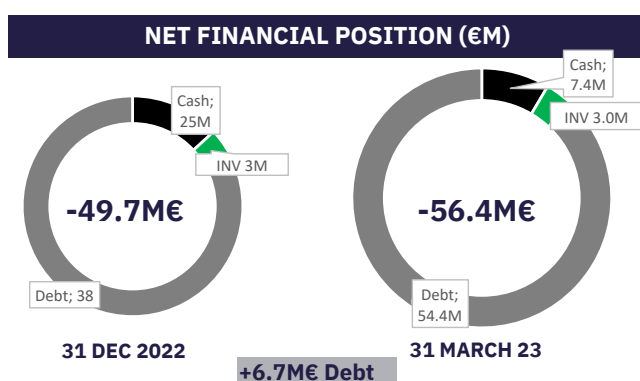
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Below are the operating results as at 31 March 2023 by line of business compared to the first quarter of 2022:

<i>MEuro</i>	1°QTR23	% on Revenue s	1°QTR22	% on Revenue s
Environment & Circular Economy	41,0		49,3	
Energy Efficiency	8,3		24,8	
Others	0,2		0,0	
Ricavi Totali	49,4		74,1	
<hr/>				
Environment & Circular Economy	9,3	23%	7,9	16%
Energy Efficiency	(0,7)	-8%	4,2	17%
Others	(0,6)		(0,4)	
EBITDA	8,0		11,7	
<i>Margin</i>	16%		16%	
<hr/>				
Environment & Circular Economy	4,1	10%	2,9	6%
Energy Efficiency	(0,8)	-10%	4,2	17%
Others	(0,7)		(0,5)	
EBIT	2,6		6,5	
<i>Margin</i>	5%		9%	

Capital expenditure in the first quarter of 2023 amounted to Euro 5.1 million. The path of increasing the Group's asset base and treatment and disposal capacity for non-hazardous waste materials continues. Investments mainly concerned plant and landfill facilities (Euro 3.9 million of which lithium battery recovery w/p plant: Euro 0,7 million) and equipment and vehicles for Euro 1.2 million. In addition, during the quarter, the Group received authorisations for drywall recycling (capacity of 30ktons per annum), to build a new treatment plant in Lazzate (capacity of 50ktons per annum) and the expansion of the Albonese landfill (additional capacity: 400mc3).

Net Financial Position as of 31 March 2023 was negative at Euro -56.4 million, up from Euro -49.7 million as of 31 December 2022. The positive cash generation from operation was entirely offset by Capex expenditure (Euro 5 million) and by the increase in net working capital (Euro 8 million) attributable to the Environment and Circular Economy business. During the first quarter, there was a gradual collection of about €13 million in 110% ecobonus credits generated in 2022. Ecobonus credits as of 31 March 2023 of about €29 million will be partly offset against income taxes, suppliers and subcontractors as well as to financial institutions using current and additional plafonds under negotiation.



<i>MEuro</i>	1QTR23	1QTR22
EBITDA	8,0	11,7
Var. Funds & Provisions	(0,7)	(0,6)
Interests payment	(0,6)	(0,5)
Var. Net Working Capital	(8,3)	(12,7)
Cash Flow before Capex & M&A	(1,7)	(2,1)
Capex	(5,1)	(4,2)
Operating Cash flow	(6,7)	(6,3)
M&A	0,0	(7,3)
Debt acquired from M&A activities	0,0	(7,2)
Operating Cash flow	(6,7)	(20,8)
Capital Increase	0,0	4,2
Change in NFP	(6,7)	(16,6)

Debt ratios remain at fully physiological levels.

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Guidance 2023

Macroeconomic uncertainties will continue also in the second quarter 2023. Despite a drop in revenues in the first quarter, EBITDA margin were up to 16%, confirming the Group's ability to readily readjust its strategic drivers by anticipating the expected downsizing of the 110% eco-bonus and accelerating its industrial strategies towards finding the right balance between volumes and margins. In this scenario, the acceleration imposed by policy makers towards the energy and environmental transition remains unaltered, and in this context Innovatec is best positioned to emerge as a leader in the sectors in which it operates, offering integrated circular economy and renewable energy services to companies and communities. The Group is continuing with its plan integrating the newly acquired companies, while pursuing a steady organic increase in revenues and margins, which will be more visible in the second half of the year, with the aim of increase synergies, efficiencies and reducing net working capital maintaining NFP at a physiological level. The objective for 2023 is to strengthen the Group's capacity in the circular economy, as well as to invests in new market niches (lithium, drywall, mattresses and textile waste recycling). In the Energy Efficiency business, Innovatec has accelerated the implementation of the Bunit dedicated to the development and construction of photovoltaic plants (with a current pipeline of about 300MWp, of which about 70MWp are related to agri-voltaics), and to the offering of innovative services and certified green energy to B2C, PA and communities aimed at reducing the carbon footprint.

Based upon the above, we are confident that we can progressively achieve in 2023 an EBITDA at least equal to FY2022 EBITDA with revenues substantially in line with the previous year.

Medium to long-term outlook

The Circular Economy and Renewable Sources sectors continue to be characterised by sustained growth. The Environment and Circular Economy business unit has an extremely solid asset base, revenues and margins. The Group's objective in this sector is to focus on developing plant capacity by fully exploiting the synergies of integration in the circular economy, also in terms of skills and to optimise the return in terms of revenues/margins in vertical sectors. At the same time, the Group will implement new consortia and expand existing consortia as well as complete the lithium battery recovery plant ready to use.

With regard to the Energy Efficiency and Renewable business unit, the acceleration of growth drivers and the repositioning of the portfolio with new innovative offers for businesses, PA and communities will progressively lead to a fair balance between volumes and margins.

In light of the above, the Group's focus in the medium to long term remains unchanged, confirming the EBITDA target to 2024. The growth rate in terms of revenue is reshaped over a longer time horizon based on the new balance offering objective of the renewables business.

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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