



PRESS RELEASE

INNOVATEC S.p.A.

THE BOARD OF DIRECTORS APPROVES THE 2022-2024 DEVELOPMENT PLAN

AROUND €60M IN INVESTMENTS AND 125 NEW HIRES WILL ENABLE INNOVATEC TO BE THE BENCHMARK FOR THE NEW ENVIRONMENTAL SUSTAINABILITY FOR THE ECOLOGICAL TRANSITION TOWARDS THE 2050 TARGETS.

The new growth strategy will enable the Group to become a reference partner in *end-to-end* services in the field of the *circular economy*, integrating the energy efficiency offer with the environmental services, from collection to recycling, assisting companies in their efforts to develop the circularity of their products and services.

THE CIRCULAR ECONOMY AND ENERGY EFFICIENCY ARE AT THE HEART OF THE GROUP'S DEVELOPMENT PLAN, WHICH ENVISAGES MAJOR INVESTMENTS AND A SIGNIFICANT EXPANSION OF HUMAN RESOURCES AS CATALYSTS FOR INCREASED TURNOVER AND GROWTH IN PROFITABILITY OVER THE NEXT THREE YEARS

- Expected Revenues to 2024 are €405M
- Expected EBITDA to 2024 at €55M
- Expected EBIT to 2024 at €38M
- The Plan confirms the Group's strong cash generation and financial solidity with a cumulated *free cash flow to equity* of €15M and a positive NFP of €31M at the end of the plan.

**ROE AT 29% AND ROI AT 38%:
THE PLAN FORESEES AN INCREASING RETURN FOR SHAREHOLDERS AND ON INVESTED CAPITAL**

2021 PRE-CLOSING PRO-FORMA RESULTS SHOW SOLID GROWTH WITH OVER €220M IN REVENUES, EBITDA €30M AND EBIT €10M, CONFIRMING THE GROUP'S GROWTH PATH

ESTIMATED NET DEBT AT YEAR-END 2021: €4M (2020: NET CASH €10M)

Milan, 3 February 2022 - The Board of Directors of Innovatec S.p.A. (BIT: INC, ISIN: IT0005412298), listed on Euronext Growth Milan, has approved the 2022-2024 Development Plan, which represents Innovatec's commitment to balanced and sustainable development in all of its businesses, with growth targets in terms of revenue, profitability and value for shareholders. With EBITDA expected to reach Euro 55 million in 2024 and total investments of approximately Euro 60 million (of which Euro 12 million in M&A), the three-year Development Plan is based on the strategic integration of Environmental & Circular Economy ("**EC**"), Energy Efficiency ("**EE**") and Innovation and Consulting ("**Consulting**") businesses. The Group aims to expand and develop its range of end-to-end services in terms of circularity and sustainability with a wide range of concrete and innovative projects that can also intercept the

Innovatec S.p.A.
Investor Relations
Raffaele Vanni
e-mail: investorrelator@innovatec.it
Tel. +39 02/87211700
Fax. + 39 02/87211707

Be Media – Press Office Innovatec
Alberto Murer
ufficiostampa@innovatec.it
Tel. +39 334/6086216
Fax. +39 02/87211707

PRESS RELEASE

funding opportunities of the Italian Recovery Plan ("PNRR"). The main economic, financial and industrial highlights are summarised below.

Economic and financial highlights to 2024

Euro millions ("€M")

- Total gross **Investments**: €59M, of which €47M for operating Capex and €12M for M&A, both focused on the EC business;
- **Revenues** to 2024 at €405M (+€244M vs 2020 pro forma including COBAT¹) and **EBITDA** to 2024 at €55M (+€37M vs 2020 pro forma including COBAT¹) with a both 21-24CAGR of 22%, thanks to organic growth and expansion of end-to-end services, EE development also driven by PNRR incentives as well as a EC business increase focused in recovery chains development and innovative plants dedicated to material and energy recovery in specific verticals;
- **EBITDA margin** expected to be 14% in 2024, up from the 2020 pro forma including COBAT¹ and in line with the 2021 pre-closing pro forma². Investments in innovative treatment and material recovery plants, the increase in human resources as well as a careful cost efficiency and a serious group-wide commitment to developing cross-selling, will boost expansion into new business areas with higher margins, able to offset a gradual reduction in EE business margins due to competitive pressure and rising equipment costs;
- **EBIT** to 2024 estimated at €38M (+ €30,5M vs. 2020 pro forma including COBAT¹) with a 21-24CAGR of 58%. **EBIT margin** expected to increase significantly to 9.5% in 2024 compared to 4.3% of the 2021 pre-closing pro forma². The increase in operating margins derives from the greater contribution of the EE business - characterised by a substantial absence of depreciation - and from the group's ongoing transition to more sustainable activities such as material recovery and advanced waste treatment. The landfill activities will progressively decrease (CAGR of -3%) over the Plan period, in line with the indication received from the European legislator to progressively reduce the disposal of waste;
- **ROE** at 29% and **ROI** at 38%: The Plan envisages increasing profitability for shareholders and on invested capital;
- Innovatec operates in a business with **strong cash generation** which gives to the Group **balanced and financial solidity**: Over the Plan period, €15M of Free Cash flow to Equity are generated. **Positive Net Financial Position (net cash)** at the end of 2024 is estimated at €31M with €40M cash on hand after investments and repayment of financial debts of €19M.

Industrial highlights

- **Innovatec strategy is based on the integration** of its three core businesses and on the development of end-to end services offer in terms of circularity and sustainability with a wide range of concrete and innovative projects in all businesses, also able to intercept the funding opportunities of the PNRR;
- **Development of the Environmental & Circular Economy business**, driven by organic growth, increase of its customer base and by the expansion of the service offer supported by innovative investments in treatment and recycling both in the current proprietary and new plants, as well as the implementation of consortium management³ to other classes of waste. The Plan also foresees M&A acquisition of treatment and recycling plants: SEA S.p.A. acquisition finalized 21 January 2022 was the first of M&A plan;
- **Development of the Energy Efficiency business** driven both by the growth of Green House project ("House Verde") with an increase of its economic results and market shares (i.e. social housing and hotel sector) and in the B2B sector with an increase of EE projects on third party industrial plants, creation of energy

¹ 2020 pro forma including COBAT includes January-December 2020 economic results of Cobat S.p.A. ("COBAT"), a company acquired (56.45%) by Innovatec at the beginning of December 2021. The 2020 proforma has been drafted up only for comparison purposes.

² 2021 pre-closing pro forma includes January-December 2021 economic results of Cobat S.p.A. ("COBAT"), a company acquired (56.45%) by Innovatec at the beginning of December 2021. The 2021 pre-closing proforma has been drafted up only for comparison purposes.

³ COBAT manages 3 consortium for the management of waste: batteries and accumulators, Electrical and Electronic Equipment and of End of Life Tires. Innovatec strategy is to replicate the Consortium business model to other classes of waste in according to EU legislation relieving the producers/clients from the principle of extended responsibility for waste management

Innovatec S.p.A.

Investor Relations

Raffaele Vanni

e-mail: investorrelator@innovatec.it

Tel. +39 02/87211700

Fax. + 39 02/87211707

Be Media – Press Office Innovatec

Alberto Murer

ufficiostampa@innovatec.it

Tel. +39 334/6086216

Fax. +39 02/87211707

PRESS RELEASE

communities, EPC on PV construction as well as implementation of new vertical technologies to reduce emissions;

- **Sustainable investments:** €26M, (55% Capex over the Plan period);
- **Growth through acquisitions (M&A):** €12M for acquisition of companies operating in the treatment and recycling of waste; the Plan estimates in 2024 revenues derived from M&A of €15M with EBITDA of €2.4M (EBITDA margin: 16%);
- **Recruitment:** a total of 125 people are expected to join the Group of whom 63 in the EE business and 62 in the EC business. At the end of 2024, the total headcount of 385 is broken down into 117 employees in the EE business and 268 employees in the EC business.

A plan that combines growth, value creation and sustainable development

Elio Cosimo Catania, Chairman of Innovatec, said: *"The 2022-2024 Development Plan, focused on the growth and integration of the Energy Efficiency with Environment & Circular Economy businesses, projects Innovatec into a sustainable growth path whose main driver is the supply of high quality end-to-end services in terms of circularity and sustainability. Innovatec is a preferred partner for retail and industrial customers as well as for public administrations to meet their needs and find advanced solutions to improve energy efficiency and circularity in their products and processes. The 2022-2024 Plan is self funding: the robust cash generation from the integrated business, partially offset by the decisive acceleration on Capex and M&A investments, consolidates a balanced financial structure with a free cash flow to equity of €15M as of 2024, which will allow us to maintain a constructive outlook on the M&A market over the plan period and, in the event of interesting opportunities, intensify the strategy of vertical acquisitions or decide to offer to our shareholders a dividend policy".*

Roberto Maggio, Innovatec's CEO, said: *"The strategic framework of the new business plan is based on the new environmental sustainability for the ecological transition, the integration of our core businesses and the offer of end-to-end high quality services. Thanks to investments of around €60M and staff increases of around 50%, Innovatec will be able at the end of 2024 to double its revenues to €405M and the EBITDA of €55M, quadrupling the EBIT to €38M, the latter rising sharply as a result of the greater contribution of the EE business and the Group's ongoing transition towards more sustainable activities such as material recovery and advanced waste treatment. The cash generated over the plan, net of investments and debt repayment of €19M, will lead to a positive net financial position of €31M at the end of 2024, with cash on hand of approximately €40M that will allow the Group to look forward to future years with serenity, consolidating its position as an absolute player in the new environmental sustainability for the ecological transition".*

Strategy, drivers and results

Innovatec's 2022-24 growth strategy is consistent with the main macro-trends in the sector, namely decarbonisation and the development of renewables, the circular economy, energy efficiency and the preservation of natural resources. Innovatec's ambition is to be the benchmark for the new environmental sustainability for the ecological transition offering to market end-to-end "tailor-made" energy solutions in the EE, environmental protection and in the circular economy sectors as well as in the sustainable use of resources. Sustainability is in the DNA of Innovatec's business and is fully integrated into the Group's corporate strategy. Investments over the plan period are 55% operational ESG Science Based Target investments (€26M).

The Plan was prepared in a macroeconomic framework that is recovering, with the European and Italian economies returning to sustained growth. In this context, European and national institutions are implementing coordinated and convergent actions towards the objectives of a fair, sustainable and inclusive transition. In particular, with the PNRR ("Italian Recovery Fund"), Italy has entered into the executive phase of the Green Deal, with funds to support carbon neutrality interventions and circular, regenerative and energy efficiency development models. In a recovery scenario, with increasing pressure towards sustainability and energy efficiency, also facilitated by the PNRR, Innovatec will continue to leverage its Asset Base, the consolidation of the competitive position achieved in 2021 in Environmental Services and Circular Economy and in Energy Efficiency (the latter through the Green House project). In particular, the new acquired company, COBAT S.p.A., is a key player in Italy in the selection, treatment and recovery of batteries

Innovatec S.p.A.

Investor Relations

Raffaele Vanni

e-mail: investorrelator@innovatec.it

Tel. +39 02/87211700

Fax. + 39 02/87211707

Be Media – Press Office Innovatec

Alberto Murer

ufficiostampa@innovatec.it

Tel. +39 334/6086216

Fax. +39 02/87211707

PRESS RELEASE

and accumulators, with relevant development strategies in the electric cars sector which is expanding exponentially. Thanks to COBAT proprietary patents for the recovery of lithium batteries, Innovatec will play an important role in the future lithium batteries recovery. In addition, the COBAT's ability to replicate its business model (consortiums) on new chains of materials to be sent for recovery, integrates perfectly with the Green Up subsidiary's Environment services business, thus creating a perfect complementarity and strengthening the Group's ability to develop circular economy projects by expanding its market share in end-to-end services.

Innovatec's Development Plan is therefore based on the strategy of integrating the Group's core businesses, offering a complete end to end services in terms of circularity and sustainability and with a wide range of concrete and innovative projects in all businesses, also able to intercept the funding opportunities of Italian Recovery Fund. The development of the Environmental Services and Circular Economy area is driven both by organic growth, with an increase in the customer base and enhancement of the existing plants supporting the business, and by the expansion of services supported by innovative investments in treatment and recycling plants, M&A as well as in the implementation of consortium management for other classes of waste. The development of the Energy Efficiency area is driven both by the growth of the House Verde project with an increase in its market share, to which the social housing and hotel sectors will be added, and in B2B with an increase in EE projects on third party industrial plants, the creation of energy communities, EPC on PV construction as well as implementation of new vertical technologies to reduce emissions.

The new plan ending 2024 is based on a growth trend, with an increase in **Revenues to €405M, EBITDA to €55M and EBIT to €38M.**

Revenues from the Environmental Services and Circular Economy business are expected to be in 2024 around €205M with an increase of €160M (+28%) compared to the proforma 2021 pre-closing figure with COBAT results, thanks to an organic CAGR of 14% expected from collection activities through the acquisition of corporate clients as well as the development of the treatment and recycling of lithium batteries and photovoltaic modules. The M&A activity focused on treatment plants will lead to additional revenues of €15M in 2024, while the landfill activity will gradually decrease (CAGR of -3%) over the Plan period. **Revenues from the Energy Efficiency business** are expected in 2024 to be around €200M with an increase of €61M (+230%) compared to the proforma 2021 pre-closing figure with COBAT results. The House Verde project will contribute to 2024 revenues of around €135M (target 2024: 60% in social housing) while revenues from the EPC PV are expected to be €40M. The remaining increase in EE revenue will come from increased B2B for EE projects on third party industrial plants, the creation of energy communities and the implementation of new vertical technologies to reduce emissions.

EBITDA of the Environmental Services and Circular Economy business is expected in 2024 to be around €35M with an increase of €13M (+60%) compared to the proforma 2021 pre-closing figure with COBAT results, thanks to collection activity development resulting from an increase in critical mass and in key customers acquisition, M&A and COBAT. COBAT 2024 revenues will increase to around €100M (pre-closing 2021: €86M) with an expected EBITDA of Euro 3.8M (2021: €2.2M) also due to cost optimisations, synergies and cross selling. The M&A activity focused on the treatment plants will bring additional margins of €2.4M in 2024, while the margins of the landfill activity will have the same downward dynamic as the estimated revenues in the plan. **EBITDA of the Energy Efficiency business** is expected to be around €21M, also up compared to the 2021 pre-closing figure of €9M and with an increase of €13M (+130%). The Houseverde project in 2024 will contribute €18M to EBITDA with a progressive reduction in margins due to competitive pressure and increased equipment costs. EPC activities in the photovoltaic sector contribute for apx. 15% to 2024 EBITDA. **EBITDA margin** is 14% flat compared to the 2021 pre-closing figure pro forma including COBAT. The EBITDA margin of the Environmental Services and Circular Economy sector, as a result of the different revenue mix, increases compared to 2021 to around 14% (2020: 11%) with a progressive increase in its percentage margin to 2024 to around 16%, while the Energy Efficiency sector, as a result of competitive pressure and increased contract operating costs, gradually reduces its margin to 2024 from 18% to around 11%.

Estimated **EBIT** in 2024 is €38.3M with an increase of €30.5M vs €7.8M 2020 pre-closing figure including COBAT and with a 21-24 CAGR of 58%. The increase in operating margins stems from the higher contribution of the EE business and the Group's ongoing transition to more sustainable activities such as material recovery and advanced waste treatment. **EBIT of the Environmental Services and Circular Economy business** is expected at €18M (2020:

Innovatec S.p.A.
Investor Relations
Raffaele Vanni
e-mail: investorrelator@innovatec.it
Tel. +39 02/87211700
Fax. + 39 02/87211707

Be Media – Press Office Innovatec
Alberto Murer
ufficiostampa@innovatec.it
Tel. +39 334/6086216
Fax. +39 02/87211707

PRESS RELEASE

€4.9M) due to the Group's steady transition to more sustainable activities while landfill activities - characterised by a greater weight of depreciation and amortisation and provisions for closure and post closure – are gradually declining. **EBIT for the Energy Efficiency business** is expected to be around €20M in 2024, up from around €2 million in 2020 thanks to the greater contribution of the House Verde project, which is expected to be around €18M. **EBIT margin** expected to increase to 9.5% (2021 proforma including COBAT results: 4.3%).

In order to support Innovatec 2022-2024 Development Plan, total gross **Investments** are estimated at €59M, of which €47M for Operating Capex and €12M for M&A both serving the Environmental Services and Circular Economy business. Specifically, **Operating Capex** of €47M includes €27M for the renovation, expansion and innovation of existing plants and sites and €10M for innovative plants dedicated to recovering material from mattresses and plasterboard. **M&A investments** of €12M will be focused on acquisitions of companies that own waste collection, treatment and recycling plants.

The 2022-2024 Plan generates, net of the Investments (€59M) and repayment of financial debts (€19M) a **Free Cash Flow to Equity of €15M** leading to a further increase in the **NFP, positive at €31M** (2020: €10.7M positive) confirming the group's financial solidity. **The cash on hand at the end of 2024 is expected to be around €40M.**

The **2021 year-end projections are also positive**, with pro forma results - including the contribution of COBAT - showing solid growth with Revenues to €222M, EBITDA €30M and EBIT of around €10M confirming the group's growth path. The estimated NFP at year-end 2021 is negative at around €-4M.

The 2022-2024 Development Plan is available on the website www.innovatec.it, in the "Investor Relations/Presentations" section.

The Press Release is also available on the website www.innovatec.it, in the "Investor Relations/Presentations" section.

For further information:

COMPANY	EURONEXT GROWTH ADVISOR	SPECIALIST
INNOVATEC	EnVent Capital Markets Ltd	BANCA FINNAT
Via Giovanni Bensi 12/5 20152 Milano	UK42 Berkeley Square - London W1J 5AW	Piazza del Gesù, 49 00186 Roma
Raffaele Vanni	Paolo Verna	
Email: raffaele.vanni@innovatec.it	Email : pverna@eventcapitalmarkets.uk	
Tel: +39 02 87211700	Tel: + 39 06 89684111	Tel: +39 06 699331
Fax: +39 02 87211707	Fax: +39 0689684155	Fax: + 39 06 6784950

Innovatec S.p.A., listed on Euronext Growth Milan (BIT: INC, ISIN: IT0005412298) is active in the fields of energy efficiency and environmental sustainability. In a competitive context in which social responsibility and environmental sustainability issues are becoming increasingly central, Innovatec aims to strengthen its resilience and become a leading operator in sustainability and circular economy through a responsible and efficient use of resources. Innovatec operates at 360 degrees, offering innovative "tailor made" end-to-end solutions that respond to the needs of its customers in the business of circularity and sustainability. With a proposal that integrates energy efficiency services with environment services starting from the recovery of industrial waste to their recycling, Innovatec provides concrete support to companies in improving their circularity and reducing their carbon footprint. Setting as its objective the compatibility between development and protection of the territory. The regulatory framework, which has a significant weight in determining revenues and margins for the entire sector, will continue to favor interventions for sustainable development for a long time. Innovatec is ready to seize the new opportunities that may emerge in this area, as it has always shown in the past, with promptness and ability to organize means and resources.

Innovatec S.p.A.
Investor Relations
Raffaele Vanni
e-mail: investorrelator@innovatec.it
Tel. +39 02/87211700
Fax. + 39 02/87211707

Be Media – Press Office Innovatec
Alberto Murer
ufficiostampa@innovatec.it
Tel. +39 334/6086216
Fax. +39 02/87211707