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Press Release

Salcef Group: a record 2022 confirms solidity of the business and growth prospects. € 0.50 dividend per share proposed

Revenues at € 565 million up 28.3%, EBITDA at € 114 million (+17.1%) and Backlog at € 1.7 billion

2022 key results (vs. 2021):

- **Revenues at € 564.6 million (+28.3%)**
- **EBITDA at € 114.0 million (+17.1%)**
- **EBIT at € 78.0 million (+14.4%)**
- ***Adjusted* Net Income at € 56.5 million (+8.2%)**
- **Adjusted Net Financial Position positive for € 26.0 million (figure at 31 December 2021 positive for € 114.5 million) after € 95 million for M&A**

Proposed dividend at € 0.50 per share (+8.7%), growing for the third consecutive year

Consolidated Non-Financial Statement as at 31 December 2022 approved, for the first time within the Group Integrated Report. Among the main environmental and social results:

- **Consolidated injury rate -37% vs. 2021**
- **Energy intensity -27% vs. 2021**
- **Total emission intensity -18% vs. 2021**

Sustainability Committee established

Shareholders' Meeting convened for 27 April 2023

Rome, 16 March 2023 – The Board of Directors of Salcef Group S.p.A., convened today under the chairmanship of Gilberto Salciccia, approved the Draft Financial Statements and Consolidated Financial Statements as at 31 December 2022.

Gilberto Salciccia, Chairman of Salcef Group, commented:

"The evolution of the Group over the three years following the listing, also evidenced by the 2022 results, sees another tangible step towards transparency and attention all our stakeholders in the first Integrated Report, which has been approved today. The integration into a single document of both economic-financial and ESG performance confirms how sustainability is not only increasingly part of our daily actions but also an enabling factor of operational results. The establishment of the Sustainability Committee is perfectly consistent with this approach and will allow us to better manage ESG strategy and objectives in both the short and long term".

Valeriano Salciccia, Chief Executive Officer of Salcef Group, commented:

"2022 was an outstanding year for the Salcef Group, which has consolidated to a level never reached before. Despite a challenging global context and the material impacts of the unexpected inflation, the Group has confirmed its solidity, continuing the strong growth trend of all business units, delivering on profitability, and improving the ESG performance. Thanks to the two important acquisitions completed as promised during the year, the order backlog reached the record figure of 1.7 billion euros. 2023 will be an intense year both from a commercial point of view, with a high number of new tenders resulting from investment plans in our reference markets, and from an operational perspective, with several new construction sites around the world and the integration of Francesco Ventura Costruzioni Ferroviarie. We will tackle it with the discipline that allowed us to present these results today, further increasing investments in organic growth and in the integration of our businesses".

2022 KEY PERFORMANCE INDICATORS

€ million	2022	2021	Δ Abs.	Δ %
Revenues	564.6	440.1	124.5	28.3%
EBITDA	114.0	97.3	16.7	17.1%
EBITDA margin	*20.2%*	*22.1%*	*(1.9 p.p.)*	-
EBIT	78.0	68.2	9.8	14.4%
EBIT margin	*13.8%*	*15.5%*	*(1.7 p.p.)*	-
***Adjusted* Net Income**[1]	56.5	52.2	4.3	8.2%
Net Income	45.6	39.3	6.3	16.0%
Adjusted Net Financial Position[2]	26.0	114.5	(88.5)	-

(1) Net Income adjusted to exclude the impact on financial expenses of the fair value change on financial investments and, only for 2021, of the warrant, as well as the tax impact of the reversal of deferred tax assets on revaluations and non-recurring tax expenses

(2) Figure as at 31 December 2022 does not consider the downpayments received for the HS/HC Verona-Padua contracts and the fair value change on financial investments

In 2022, consolidated **Revenues** amounted to **€ 564.6 million,** up 28.3% over 2021 mainly thanks to a noteworthy 21.5% organic growth, coupled with the contribution from the railway business unit acquired from the PSC Group and effective from 1 May 2022 (€ 15.8 million) and the contribution from Bahnbau

Nord group (€ 22.7 million net of € 8.5 million already accounted for in 2021). All the Business Units increased their volumes, led by *Heavy Civil Works,* which thanks to the activities on the Verona-Padua High Speed line more than doubled the production volumes compared to last year. *Track and Light Civil Works* and *Energy, Signalling & Telecommunication* grew 8.5% and 23.6% respectively without considering the benefits form the change in perimeter.

Consolidated **EBITDA** reached **€ 114.0 million**, with a 17.1% increase over 2021. The **EBITDA *margin*** stood at 20.2%, confirming the profitability reported along the year. The YoY reduction is mainly due to the current high inflation scenario and to the different revenue mix.

Solid growth also for the consolidated **EBIT**, which reached **€ 78.0 million** (+14.4%), despite higher D&A for around € 7.9 million, coherently with the Group's capex plan.

The Group ***Adjusted* Net Income** amounted to **€ 56.5 million**, up 8.2% compared to the € 52.2 million of 2021. The **Net Income** at **€ 45.6 million** was € 6.3 million (+16.0%) higher than 2021.

The ***Adjusted* Net Financial Position** as at 31 December 2022 was positive for **€ 26.0 million** (positive for € 114.5 million at year-end 2021). The reduction is mainly due to the payment of approximately € 25 million in favor of the PSC Group for the acquisition of the railway business unit, to the dividend payment for € 28.5 million and the overall approximately € 70 million for the acquisition of Francesco Ventura Costruzioni Ferroviarie, which include both the payment of the consideration for the share purchase and the assumption of some FVCF's financial liabilities.

The **Backlog** reached € 1.7 billion, € 500 million higher than 2021 and € 350 million higher than the 9M 2022 figure. On top of the consolidation of the approximately € 300 million backlog belonging to the two businesses acquired in 2022, the main agreements secured in the year were the contract for the design and implementation of the ERTMS (European Rail Transport Management System) in Italy, financed with PNRR funds, and the contracts abroad for the construction of a light rail in Maryland and for the modernization of Romanian railways. Looking at the geographical distribution, the contracts signed outside Italy changed significantly the foreign contribution compared to 2021, reaching 26.2% compared to the previous 9.6%. Therefore, the domestic component is lower at 73.8% vs. the previous 90.4%. *Track & Light Civil Works* and *Energy Signalling & Telecommunication* are confirmed as the most represented Business Units, with 71.1% and 16.8% of the backlog respectively, with an increase of *Track & Light Civil Works* compared to 9M 2022 due to the 4Q contracts mainly related to track works activities.

Dividend

In consideration of the results achieved during the 2022 financial year, the Board of Directors of Salcef Group resolved today to propose to the forthcoming Shareholders' Meeting the distribution of an ordinary dividend of € 0.50 per share (increased for the third consecutive year and 8.7% higher than the one distributed in 2022) with payment date on 17 May 2023, ex date on 15 May 2023 and record date on 16 May 2023.

Main events of 2022

<u>Capital transactions</u>

- On 15 January 2022, all remaining performance shares and special shares were converted into ordinary shares. In particular: (i) 641,044 Performance Shares were converted at a rate of no. 5 ordinary shares for every no. 1 performance share, resulting in no. 3,205,220 ordinary shares and (ii) 153,851 special shares were converted at a rate of no. 7 ordinary shares for every no. 1 special share, resulting in no. 1,076,957 ordinary shares. These conversions did not result in an increase in the Company's share capital, which, as of the date of this document, is divided into a total of 62,399,906 ordinary shares, all without indication of nominal value.

Extraordinary transactions

- The Group acquired, through its subsidiary Euro Ferroviaria S.r.l., the PSC Group S.p.A.'s business unit operating in the railway sector. The signing and the closing have been finalized together on 8 March 2022, not being subject to any condition precedent. The acquisition became effective on 1 May 2022;
- The holding company Salcef Group S.p.A. acquired 100% of the share capital of Franceco Ventura Costruzioni Ferroviarie S.r.l., a Rome-based company active in the track works business, with the design, construction, maintenance, and renewal of railways. The closing took place on 23 December 2022 after the fulfillment of the last conditions precedent, typical for this type of transaction (including the finalization of the separation of the assets not directly related to the track works business), included in the agreement.

Outlook

For 2023, production volumes are expected to be around 20% higher than 2022 (10% organic).

In a context still characterized by uncertainty due to some exogenous factors such as the inflation that remain at significant levels, profitability is expected to be substantially in line with 2022, also taking into account the continuously evolving revenue mix and the need to fully integrate the newly acquired Francesco Ventura Costruzioni Ferroviarie into the Group.

ESG Performance

The Board of Directors, in today's meeting, also approved the Consolidated Statement containing non-financial information pursuant to Legislative Decree no. 254 of December 30, 2016, relating to the 2022 financial year.

2022 marks a further material increase in the workforce, which reaches 1,929 units, mainly thanks to the acquisitions completed during the year in Italy. Among the new colleagues who joined the Group in 2022, excluding acquisitions, 39% are under 30 (23% in 2021). Moreover, health and safety figures further improved, with the consolidated injury rate (product of the severity rate and the frequency rate) at 12.06, 37% lower compared to 2021. On the environmental front, both energy intensity and total emissions intensity decreased significantly - -27% and -18% respectively - combined with a 42% increase in renewable energy consumption, which is now 23% of the total. In terms of disclosure regarding the alignment of the Group's activities with the EU Taxonomy, the analysis carried out has led to significant values in terms of revenues (85%), operating costs (88%) and capex (65%).

The Board of Directors also approved the following Group policies:

- "Diversity, Equity and Inclusion (DEI) Policy"
- "Human Rights Policy"
- "Policy for managing dialogue with shareholders and investors"
- "Policy on diversity of the Board of Directors and the Board of Statutory Auditors"

The Sustainability Report will be made available to the public, in accordance with the law, at the Company's registered office, Via Salaria 1027, Rome and on the Company's website www.salcef.com/*Governance/Shareholders' Meetings section.*

Sustainability Committee

The Board of Directors has also resolved to establish the Sustainability Committee and adopt its related Regulations. The establishment of this new Committee represents another important step towards a deeper integration of sustainability in the Group's business, a goal that the Company considers fundamental towards all its stakeholders.

The Committee, with instructive, propositional, and consultative functions, will support the Board of Directors in defining and implementing the Group's ESG strategy and objectives.

With reference to the members, based on their skills and experiences in the relevant topics, it has been established that the Sustainability Committee will be composed of the independent Directors Veronica Vecchi (Chair), Valeria Conti and Emilia Piselli.

2023-2026 Stock Grant Plan

The 2023-2026 Stock Grant Plan approved today by the Board of Directors provides for the right to receive, free of charge, up to a maximum of 40,000 ordinary shares of the Company with no nominal value, upon the occurrence of pre-determined performance objectives in favour of certain employees, including executives with strategic responsibilities, of the Company and the companies of the Salcef Group and other beneficiaries who hold managerial positions deemed relevant within the Group and with a significant impact on the sustainable success of the Company. The Plan is functional to the short-term incentive plan (Management by Objectives-MBO) and provides for a single round of allocation of rights to receive free Shares, based on the achievement of performance targets.

For any further information on the proposal to adopt the 2023-2026 Stock Grant Plan, reference should be made to the information document prepared by the Board of Directors, as well as to the related illustrative report, which will be published within the terms and according to the procedures provided for by applicable laws and regulations.

2023-2024 Performance Shares Plan

The 2023-2024 Performance Shares Plan approved today by the Board of Directors provides for the right to receive, free of charge, up to a maximum of 10,000 ordinary shares of the Company with no nominal value, upon the occurrence of pre-determined performance objectives in favour of certain executive with strategic responsibilities of the Company and the companies of the Salcef Group. The Plan provides for a single round of allocation of rights to receive free Shares, based on the achievement of performance targets.

For any further information on the proposal to adopt the 2023-2024 Performance Shares Plan, reference should be made to the information document prepared by the Board of Directors, as well as to the related illustrative report, which will be published within the terms and according to the procedures provided for by applicable laws and regulations.

Shareholders' meeting

The Board of Directors resolved today to convene the Shareholders' Meeting of Salcef Group S.p.A. in ordinary session for 27 April 2023 at 11.00 a.m., in a single call, to discuss and resolve on the following **Agenda**:

1. Approval of the Financial Statement of Salcef Group S.p.A. as at 31 December 2022. Presentation of the consolidated financial statements as at 31 December 2022 and of the consolidated statement containing non-financial information pursuant to Legislative Decree No. 254 of 30 December 2016.

Reports of the Board of Directors, of the Board of Statutory Auditors and of the independent auditors.

2. Allocation of the year's profit. Related and consequent resolutions;
3. Authorisation to purchase and dispose of treasury shares pursuant to articles 2357 et seq. of the Italian Civil Code, as well as article 132 of Legislative Decree no. 58 of 24 February 1998 and article 144-bis of the Consob Regulation adopted by resolution no. 11971/1999 and subsequent amendments, subject to withdrawal of the authorisation granted by the Shareholders' Meeting of 29 April 2022 for the part not executed. Related and consequent resolutions;
4. Report on Remuneration Policy for 2023 and remuneration paid in 2022;
    a. Approval of the first section of the report pursuant to article 123-ter paragraph 3-bis and 3-ter, of the Legislative Decree No. 58/1998;
    b. Related resolutions on the second section of the report pursuant to article 123-ter paragraph 6, of the Legislative Decree No. 58/1998;
5. Approval pursuant to Article 114-bis of Legislative Decree 58/1998 of the 2023-2026 Stock Grant Plan concerning ordinary shares of Salcef Group S.p.A. reserved for directors with strategic responsibilities and/or other employees, collaborators and other managerial figures of Salcef Group S.p.A. and/or its subsidiaries pursuant to Article 93 of Legislative Decree 58 of 24 February 1998. Related and consequent resolutions;
6. Approval pursuant to Article 114-bis of Legislative Decree 58/1998 of the 2023-2024 Performance Shares Plan concerning ordinary shares of Salcef Group S.p.A. reserved for directors with strategic responsibilities of Salcef Group S.p.A. and/or its subsidiaries pursuant to Article 93 of Legislative Decree 58 of 24 February 1998. Related and consequent resolutions;
7. Adoption of the Shareholders' Meeting Regulations. Related and consequent resolutions:

During today's meeting, the Board of Directors also approved, to be submitted to the Shareholders' Meeting for approval, the following:

- Report on Corporate Governance and Ownership Structure for the year 2022 prepared by the Company pursuant to Article 123-bis of Legislative Decree no. 58/1998 as subsequently amended (the "TUF"). The Report will be made available to the public, in accordance with the law, at the Company's registered office, Via Salaria 1027, Rome and on the Company's website www.salcef.com/Governance/Shareholders' Meetings section;
- Report on the Remuneration Policy for 2023 and on the compensation paid to directors and executives with strategic responsibilities of the Company in 2022 pursuant to article 123-ter of the TUF and article 84-quater and Annex 3A, Schedule 7-bis of CONSOB Regulation no. 11971/1999 as subsequently amended (the "Issuers' Regulation"). The Report will be made available to the public, in accordance with the law, at the Company's registered office, Via Salaria 1027, Rome and on the Company's website www.salcef.com/Governance/Shareholders' Meetings section.

The Notice of Call, together with all the information required by Article 125-bis of the TUF, as well as all the documentation that will be submitted to the Shareholders' Meeting pursuant to Articles 125-ter and 125-quater of the TUF, will be made available to the public, within the terms of the law, at the Company's registered office, Via Salaria 1027, Rome and on the Company's website www.salcef.com*/Governance/Shareholders' Meetings* section. An extract of the Notice of Meeting will also be published in the daily newspaper IlSole24ore within the legal deadline.

The manager responsible for the drafting of corporate accounting documents Fabio De Masi declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

This press release is available on the Salcef Group website https://www.salcef.com in the *Investor Relations/Price Sensitive Press Releases* section.

Management will present the FY 2022 results to the financial community on **Friday, 17 March at 11:00 CET** via webcast and conference call. The Presentation will be made available before the beginning of the conference on the Investor Relations section of www.salcef.com.
To join the Audio Webcast/Conference Call, please register at the following link.
A replay of the webcast will be then available on the Investor Relations section of www.salcef.com.

Consolidated Balance Sheet

ASSETS	31.12.2022	31.12.2021
Non-current Assets		
Intangible assets with finite useful lives	17,724,878	7,584,146
Goodwill	101,409,924	41,795,326
Property, plant and equipment	194,829,294	123,798,390
Right-of-use assets	17,073,977	14,197,300
- of which, with related parties	*993,661*	*1,324,881*
Equity-accounted investments	135,643	40,543
Other non-current assets	25,112,368	20,806,786
- of which, with related parties	1,526,853	0
Deferred tax assets	25,452,686	19,984,980
Total non-current Assets	**381,738,770**	**228,207,471**
Current Assets		
Inventories	29,764,667	20,664,592
Contract assets	156,033,743	107,701,357
Trade receivables	140,505,148	89,108,678
- of which, with related parties	*11,609,934*	*282,145*
Current tax assets	4,167,579	4,121,517
Current financial assets	148,643,040	101,588,336
- of which, with related parties	*0*	*353,465*
Cash and cash equivalents	135,245,724	166,175,877
Other current assets	35,333,090	26,806,619
Assets held for sale	2,529,499	0
Total current Assets	**652,222,490**	**516,166,976**
TOTAL ASSETS	**1,033,961,260**	**744,374,447**

LIABILITIES	31.12.2022	31.12.2021
Equity attributable to the owners of the Parent		
Share capital	141,544,532	141,544,532
Other reserves	252,475,698	238,422,972
Profit for the year	45,333,687	39,070,532
Total equity attributable to the owners of the Parent	**439,353,917**	**419,038,036**
Share capital and reserves attributable to non-controlling interests	2,348,332	2,062,943
Profit for the year attributable to non-controlling interests	302,068	271,889
TOTAL EQUITY	**442,004,317**	**421,372,868**
Non-current liabilities		
Non-current financial liabilities	119,211,190	79,849,385
Lease liabilities	10,428,864	5,694,159
- of which, with related parties	*727,379*	*1,070,223*
Employee benefits	6,678,524	1,154,868
Provisions for risks and charges	2,357,957	3,818,911
Deferred tax liabilities	7,732,723	3,259,382
Other non-current liabilities	4,266,809	4,194,843
Total non-current liabilities	**150,676,067**	**97,971,548**
Current liabilities		
Bank loans and borrowings	4,064,734	0
Current financial liabilities	89,263,299	62,544,658
Current portion of lease liabilities	5,387,527	5,128,669
- of which, with related parties	*342,844*	*329,658*
Current employee benefits	1,127,387	971,286
Contract liabilities	77,763,713	12,916,604
Trade payables	218,281,916	117,503,520
- of which, with related parties	*460,002*	*1,182,922*
Tax liabilities	8,085,187	5,019,927
Other liabilities	36,035,410	20,945,367
Liabilities directly related to assets held for sale	1,271,703	0
Total current liabilities	**441,280,876**	**225,030,031**
TOTAL LIABILITIES	**591,956,943**	**323,001,579**
TOTAL EQUITY AND LIABILITIES	**1,033,961,260**	**744,374,447**

Consolidated Income Statement

	2022	2021
Revenues from contracts with customers	554,708,807	434,552,360
- of which, with related parties	*9,209,688*	*0*
Other income	9,911,154	5,588,606
Total revenues	**564,619,961**	**440,140,966**
Raw materials, supplies and goods	(135,714,123)	(91,808,541)
Services	(217,365,883)	(171,090,842)
- of which, with related parties	*(6,161,080)*	*(454,092)*
Personnel expenses	(109,290,367)	(93,726,356)
Depreciation and Amortisation	(35,270,355)	(27,363,104)
Impairment losses	(697,427)	(1,780,465)
Other operating costs	(12,807,106)	(9,839,764)
- of which, with related parties	(793,997)	0
Internal work capitalised	24,523,945	23,636,079
Total costs	**(486,621,316)**	**(371,972,993)**
Operating profit	**77,998,645**	**68,167,973**
Financial income	3,293,423	3,375,252
Financial expenses	(13,935,216)	(11,209,203)
- of which, with related parties	*(50,342)*	*69,838*
Pre-tax profit	**67,356,852**	**60,334,022**
Income taxes	(21,721,097)	(20,991,601)
Profit for the year	**45,635,755**	**39,342,421**
Profit for the year attributable to:		
Non-controlling interests	302,068	271,889
Owners of the Parent	45,333,687	39,070,532
Earning per share:		
Base EPS	0.73	0.76
Diluted EPS	0.73	0.68

Consolidated Cash Flow Statement

		2022	2021
	Profit for the year	**45,635,755**	**39,342,421**
	Amortisation and depreciation	35,270,355	27,363,104
	Impairment losses	697,427	1,780,465
	Net financial expenses	10,641,794	7,833,951
	(Gains)/losses from the disposal of property, plant and equipment	(4,892,418)	
	Other adjustments for non-monetary items	(7,201,763)	(457,200)
	Accruals	(1,327,374)	1,218,559
	Income taxes	21,721,097	20,991,601
(A)	**Cash flows from operating activities before change in working capital**	**100,544,873**	**98,072,901**
	(Increase) / decrease in inventories	(4,782,741)	(6,165,812)
	(Increase) / decrease in contract assets/liabilities	13,738,783	(5,580,081)
	(Increase) / decrease in trade receivables	(26,609,980)	(7,083,899)
	Increase / (decrease) in trade payables	61,107,874	17,712,234
	(Increase) / decrease in other current and non-current assets	(6,732,016)	(4,483,456)
	Increase / (decrease) in other current and non-current liabilities	8,244,096	(10,066,487)
(B)	**Change in working capital**	**44,966,016**	**(15,667,500)**
	Cash flows generated (used) by operating activities (A+B)	**145,510,889**	**82,405,401**
	Interests paid	(2,837,522)	(985,747)
	Income taxes paid	(17,996,791)	(12,472,093)
(C)	**Cash flows generated (used) by operating activities**	**124,676,576**	**68,947,561**
	Investing activities		
	Interests collected	480,256	155,153
	Investments in intangible assets	(4,489,872)	(3,670,898)
	Acquisition of property, plant and equipment	(69,297,959)	(46,028,636)
	Investments in securities and other financial assets	(42,033,626)	(53,585,918)
	Proceeds from the sale of property, plant and equipment	14,364,056	4,968,253
	Proceeds from the sale of current securities	5,620,685	20,735,035
	Acquisition/Disposal of subsidiaries net of cash equivalents	(43,050,272)	(5,487,152)
	Exchange differences	(896,038)	(2,613,772)
(D)	**Cash flows generated (used) by investing activities**	**(139,302,770)**	**(85,527,935)**
	Financing activities		
	New bank loans	90,468,779	82,000,000
	Repayment of loans	(61,356,894)	(44,449,043)
	Repayment of lease liabilities	(7,023,980)	(6,647,425)
	Change in other financial liabilities	(13,285,962)	7,684,135
	Proceeds from the issue of company shares	0	107,036,440
	Repurchase of treasury shares	(695,871)	(4,752,702)
	Dividends distributed	(28,474,765)	(21,314,116)
(E)	**Cash flows generated (used) by financing activities**	**(20,368,693)**	**119,557,289**
(F)	**Net change in cash and cash equivalents (C+D+E)**	**(34,994,887)**	**102,976,915**
(*)	**Opening cash and cash equivalents**	**166,175,877**	**63,198,962**
	Net change in cash and cash equivalents	(34,994,887)	102,976,915
(*)	**Closing cash and cash equivalents**	**131,180,990**	**166,175,877**

(*) Cash and cash equivalents are net of current loans and borrowings