

SOL GROUP

PRESS RELEASE

2021 FULL YEAR CONSOLIDATED RESULTS

Sales: € 1,112.9 ml (+14.3%)
EBITDA: € 260.8 ml (+2.1%) equal to 23.4% on sales
EBIT: € 135.8 ml (-3.0%) equal to 12.2% on sales
Net Profit: € 89.5 ml (€ 103.0 ml in 2020)

Proposed dividend of € 0.240 per share (€ 0.220 in 2020)

The Board of Directors of SOL S.p.A. approved the 2021 consolidated results.

Consolidated Sales € 1,112.9 ml (+14.3% vs € 973.8 ml in 2020 and +10.0% on a like-for-like basis) EBITDA € 260.8 ml (23.4% on sales), EBIT € 135.8 ml (12.2% on sales), Consolidated Net Profit of € 89.5 ml (8.0% on sales).

These are highlights of the consolidated figures approved today by the Board of Directors of SOL S.p.A., a company listed on the Italian Stock Exchange that acts as holding company of a multinational group, with more than 5,100 employees, primarily involved in the business of technical gases and homecare assistance, operating in Europe, Turkey, Morocco, Brazil, India and China.

At the upcoming Shareholders' meeting, called for May 11, 2022, the company's Board of Directors will propose distribution of a dividend of € 0.240 per ordinary share (€ 0.220 in 2020), to be paid starting from May 18, 2022.

Also 2021 was characterized by the spread of the COVID-19 pandemic almost all over the world, albeit with less serious negative effects, compared to 2020 and thanks to the vaccine screen, on infected people.

In this context, there has been a vigorous recovery of many industrial activities which, conversely, had suffered a sharp slowdown in 2020 due to lock-downs in several countries following the first wave of pandemic spread.

Economic growth was accompanied by sudden, unpredictable and very high increases in the prices of raw materials, both energy and metallurgical and chemical, which caused significant increases in the production costs of technical gases. In particular, the price of natural gas and, consequently, that of electricity, have had enormous increases. Downstream of these phenomena, there has also been an increase in inflation, which has reached levels that have not been seen for many years.

A consequence of the high level of inflation, still in an increasing phase, will certainly be that of the increase, in the course of 2022, of interest rates and, consequently, of the cost of money.

Therefore, a probable slowdown in global growth is expected for 2022 and, towards the end of the year, a slight decline in inflation compared to the peaks reached in recent months.

However, as a great unknown about the near future, the evolution of the COVID-19 pandemic remains, which it is hoped will be definitively overcome thanks to mass vaccinations, but which, following the variants of the virus, could instead lead to new spreads of infections, with unpredictable consequences.

With reference to the technical gases sector, the significant development due to the resumption of industrial activities and, in certain periods of the year, to the strong demand for oxygen and medical services for hospitals is highlighted.

The activity of the home care area has recorded a lower growth than the average in recent years, due to the reduced activity of hospitals and laboratories due to the pandemic, especially during the first half of 2021 and due to particularly significant sales of medical services and equipment related to COVID-19 made in 2020 and not repeated in 2021.

In the context highlighted, the SOL Group achieved net sales of € 1,112.9 million, with a significant increase compared to 2020, equal to € 139.1 million and 14.3%. On a like-for-like basis, the increase in sales amounted to 96.7 million euros and 10.0%.

Compared to the previous year, sales increased by 10.2% in Italy and 17.3% abroad. The latter, at the end of 2021, accounted for 58.5% of total sales.

The Technical Gas Division grew by 27.4% (18.6% like-for-like) and the Home Care Division, where the Group operates through Vivisol, by 3.5%.

Compared to 2020, the Gross Operating Margin increased in absolute value by 2.1%; the Operating Result recorded a very slight decrease of 3%.

The trend in margins was negatively affected, especially in the second half of the year, by the rapid, unpredictable and abnormal increase in the cost of electricity, which is the main raw material in the production of technical gases.

The Group companies reacted by trying to transfer the higher production costs to sales prices but, given the speed and extent of the increases, it was not always possible to fully recover them in such a short amount of time.

The consolidated net profit, equal to € 89.5 million and 8.0% of sales, shows a slight decrease compared to the previous year (€ 103.0 million).

In this regard, it should be noted that in 2020 there was a one-off positive effect of 11.7 million euros on net profit, due to the recognition of deferred tax assets following the monetary revaluation carried out by some Italian companies of the Group.

The tangible and intangible capital expenditures of the Group were € 132.3 ml (CAPEX 11.9%) and the Operating Consolidated Cash Flow amounted to € 213.1 ml (€ 219.2 ml in 2020).

The Net Debt / Equity ratio, equal to 43.1%, confirms the financial soundness of the Group, which presents a net financial debt of € 310.9 million (€ 261.0 million net of leases), up by approximately € 60 million compared to 2020, but after having made acquisitions for over € 100 million.

Among these, we point out the acquisition in Greece of the activities of the French multinational Air Liquide, the increase from 50% to 86.5% in the corporate structure of SICGILSOL, now SOL INDIA, and from 70% to 100% in the two Polish companies of home care PALLMED and MEDSEVEN. The following were also acquired: Oxytechnic, a home care company in the Czech Republic, KSD, acting in the carbon dioxide sector in Germany, and ISIMED, in Italy, acting in the home care sector. Also in 2021, the majority shareholding of two Chinese companies from Shanghai, Shenwei and Mu Kang, and 30% of the company Jiawei, operating in the hospital and home care sectors in the very interesting Chinese market, were acquired.

The Holding Company SOL S.p.A. registered a turnover of € 288.4 ml (+16.1% v/s 2020) and a Net Profit of € 31.2 ml (€ 25.4 ml in 2020).

The important fact to report, relating to the first months of 2022, is the ongoing conflict in Eastern Europe, which began following the invasion of Russia in Ukraine in February 2022.

The SOL Group is not present with direct activities in either country.

The conflict is causing, from an economic point of view, further increases in the prices of oil, gas, electricity and raw materials.

All this is reflected in the production and purchase costs of technical gases and, due to the inflationary effects, also on the costs of investments and operating expenses.

In particular, a significant effect on home care activities is that on the supply chain of medical equipment, for which there are delays and difficulties in deliveries and consequent shortage to meet the growing demand.

Now, it is not possible to reasonably predict what the effects on the Group's performance will be, even if they could reduce the levels of growth in turnover, compared to those recorded in 2021, and make the recovery of production costs on downstream prices slower and more complex.

"We evaluate the results achieved in 2021 very positively - said Marco Annoni, Vice-President of SOL S.p.A. - a very complex year, in which our Group has demonstrated the ability to seize various growth opportunities, both organic and through extraordinary acquisitions; a year which, however, also required a prompt response to a scenario of growing and unexpected cost increases, due to the continuously rising of energy prices".

"Compatibly with the evolution of the COVID-19 pandemic - concluded Aldo Fumagalli Romario, President of SOL S.p.A. - the SOL Group will continue, also during 2022, to pursue the objective of constant development through production and distribution investments, to select any acquisition opportunities and to constantly develop innovative and diversification projects, with the aim of achieving good sales growth and to maintain profitability at the levels that the Group has historically been able to achieve on".

The Board of Statutory Auditors of Sol S.p.A. carried out its self-assessment with reference to the 2021 financial year, drawing up the appropriate Report in accordance with the provisions of the new behavioural principles of listed companies, and sending it to the Board of Directors.

Pursuant to paragraph 2 of Article 154-bis of the Unified Financial Act of February 24, 1998, the manager responsible for preparing the financial reports Marco Filippi declares that the accounting information contained in this press release corresponds to the results documented in the books, accounting and other records.

Enclosure: Consolidated Income Statement and Statement of Financial Position.

Monza, March 30th, 2022

SOL Group – Profit and loss account

(Thousands Euro)

	31/12/2021	%	31/12/2020	%
Net sales	1,112,909	100.0%	973,833	100.0%
Other revenues and proceeds	11,060	1.0%	9,875	1.0%
Internal works and collections	18,933	1.7%	12,488	1.3%
Revenues	1,142,901	102.7%	996,196	102.3%
Purchase of materials	306,023	27.5%	240,540	24.7%
Services rendered	319,511	28.7%	277,282	28.5%
Change in inventories	(2,380)	-0.2%	(14,459)	-1.5%
Other expenses	24,761	2.2%	24,432	2.5%
Total costs	647,915	58.2%	527,794	54.2%
Added value	494,987	44.5%	468,401	48.1%
Payroll and related costs	234,209	21.0%	213,009	21.9%
EBITDA	260,778	23.4%	255,392	26.2%
Depreciation & amortization	119,296	10.7%	110,986	11.4%
Other provisions	5,711	0.5%	4,419	0.5%
Non recurring (Income) / Charges	0	0.0%	0	0.0%
EBIT	135,771	12.2%	139,987	14.4%
Financial income	2,406	0.2%	2,168	0.2%
Financial expense	(11,472)	-1.0%	(11,998)	-1.2%
Result of investments	(777)	-0.1%	20	0.0%
Net financial Income / (Charges)	(9,843)	-0.9%	(9,810)	-1.0%
PBT	125,928	11.3%	130,177	13.4%
Tax on profit	32,170	2.9%	21,943	2.3%
Net profit from ongoing operations	93,757	8.4%	108,234	11.1%
Net profit from discontinuous operations	0	0.0%	0	0.0%
Minorities	(4,208)	-0.4%	(5,187)	-0.5%
Net profit	89,549	8.0%	103,047	10.6%
EPS	0.987	0.0%	1.136	0.0%

SOL Group - Statement of financial position

(Thousands Euro)

	31/12/2021	31/12/2020
Tangible assets	615,329	554,573
Goodwill and consolidation differences	170,313	139,868
Other intangible assets	22,752	18,606
Equity investments	12,704	9,433
Other financial assets	10,484	6,736
Tax advances	21,031	21,695
NON CURRENT ASSETS	852,612	750,912
Non current assets held for sale	0	0
Inventories	67,303	63,301
Trade receivables	340,023	297,949
Other current assets	36,197	25,485
Current financial assets	8,671	7,449
Cash and banks	139,642	269,181
CURRENT ASSETS	591,835	663,365
TOTAL ASSETS	1,444,448	1,414,277
Share capital	47,164	47,164
Share premium reserve	63,335	63,335
Legal reserve	10,459	10,459
Reserve for treasury shares in portfolio	0	0
Other reserves	486,904	408,351
Retained earnings	845	3,317
Net profit	89,549	103,047
Shareholders' equity - Group	698,257	635,674
Minorities	18,987	21,987
Net income attributable to minority shareholders	4,208	5,187
Shareholders' equity - minority interests	23,194	27,174
SHAREHOLDERS' EQUITY	721,452	662,848
Employee benefits	18,696	18,536
Provision for deferred tax liabilities	7,362	4,261
Provision for risks and charges	3,070	1,076
Payables and other financial liabilities	378,471	446,551
NON CURRENT LIABILITIES	407,598	470,425
Non current liabilities held for sale	0	0
Due to banks	1,643	2,216
Trade accounts	150,290	122,222
Current financial liabilities	82,098	78,368
Taxes payables	19,216	22,124
Other current liabilities	62,150	56,075
CURRENT LIABILITIES	315,398	281,004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,444,448	1,414,277