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financial results as at 30 September 2021

Testo del comunicato

Vedi allegato.



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The Board of Directors of Servizi Italia approves the financial results as at 30 September 2021

Continued organic growth in all geographic areas, still double-digit in Brazil and Turkey.

Margins in absolute terms strongly recovering compared to 2020 and relative incidences improving as well compared to 2019, a year not impacted by Covid-19.

Wash-hire business steadily recovering. Surgical sterilization marks the best quarter in terms of margins since first quarter 2019.

- Consolidated **Revenues** equal to **Euro 191.2 million** (Euro 178.0 million in the first nine months of 2020)
- Consolidated **EBITDA** equal to **Euro 51.0 million** (Euro 41.7 million in the first nine months of 2020)
- Consolidated **EBIT** equal to **Euro 10.0 million** (Euro 0.9 million in the first nine months of 2020)
- Consolidated **Net Income** equal to **Euro 7.1 million** (Euro -0.3 million in the first nine months of 2020)
- **Net financial position** equal to **Euro 132.4 million** (Euro 129.6 million as at 31 December 2020)

Castellina di Soragna (PR), Italy, 12 November 2021

The Board of Directors of Servizi Italia, a company listed on Euronext STAR Milan and leading operator in the outsourcing of hospital services in Italy, Brazil, Turkey, India, Albania and Morocco, today approved the Interim Management Report as at 30 September 2021.

"The results achieved in the first nine months of 2021 are better than expected – said **Roberto Olivi, Chairman of the Executive Committee of Servizi Italia** – thanks to the reduced impact of the epidemic crisis, the launch of important contracts in Italy and the consolidation of the good results of the foreign companies. The optimizations implemented by management to mitigate the effects of the domestic industrial laundry market crisis have been decisive as well. The results forecast for the end of the year are in line with those achieved today, in the hope that there will be no recurrence of the pandemic situation. In any case, the continuous search for organizational and production efficiency remains in place in order to contain, among other things, the impact of the increase in energy and raw material prices, particularly in the areas of Brazil and Turkey."

CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2021

During the first nine months of 2021, the Servizi Italia Group's operating performance recorded a **consolidated turnover** equal to **Euro 191.2 million**, up by 7.4% compared to 30 September 2020.

For what concerns the three business lines of the Group, please note the following:

- Revenues from **wash-hire services**, which represent 76.6% of the Group's revenues and includes all activities relating to the washing, hiring, collection and reconditioning of textile and mattress products, recorded revenues equal to **Euro 146.4 million** in 2021, driven by a significant recovery in Italy, which recorded a revenue growth of 10.4% (11.0% on a like-for-like basis), mainly thanks to

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new tenders in the north-east. The third quarter also saw a significant recovery in hotel sector, which was particularly affected in the first half of 2021. In addition, in Italy, there were revenues of approximately Euro 0.53 million relating to Covid financial aid measures (Italian “*ristori*”) obtained following ANAC resolution no. 540 of 1 July 2020.

- Revenues from **textile sterilization** (“**Steril B**”), which represent 6.9% of the Group’s revenues and includes all activities relating to sterilization of sterile sets and the supply of disposable items used in surgical procedures for setting up the operating field and dressing the medical team, passed from Euro 13.4 million in the first nine months of 2020 to Euro 13.2 million, down by 0.9%, owing to a lower supply of non-woven textile (TNT) compared to the same period of the previous year.
- Revenues from **surgical instruments sterilization** services (“**Steril C**”), which in absolute terms represent 16.5% of the Group’s revenues and includes all activities related to the rental, sterilization, collection and reconditioning of surgical instruments, pass from Euro 29.7 million in the first nine months of 2020 to Euro 31.6 million in 2021, up by 6.1%, mainly due to some new contracts in north-eastern Italy and the recovery of surgical activity compared to the previous period. The growth of Steril C is also supported by revenues from validation services carried out by Steritek S.p.A. (6.4% in absolute terms on segment's revenues), which grew by 12.9% in the period, net of intercompany eliminations.

For what concerns geographical distribution, **revenues generated from foreign markets** amounted to **Euro 25.0 million** (of which Euro 19.4 million relating to Brazil and Euro 5.6 million relating to Turkey), covering the 13.1% of revenues in the first nine months of 2021 (14.1% in the same period of the previous year). Revenues in Brazil are characterised by double-digit organic growth in local currency (up by 10.9%), offset by a negative exchange rate translation effect of 11.6% (depreciation of the Brazilian Real against the Euro), resulting in a negative change for the period of 0.7%. Double-digit organic revenue growth also in Turkey (+30.6%), offset by a negative exchange rate effect of 28.4% (depreciation of the Turkish Lira against the Euro) leading to a positive change in turnover of 2.2%.

Consolidated EBITDA went from Euro 41,7 million in the first nine months of 2020 to **Euro 51,0 million** in the same period of 2021, rising from 23.4% to 26.7% of revenues meaning a growth in absolute terms equal to 22.2%. The positive trend of the index already recorded in the first six months of 2021 has continued, mainly owing to the recovery of hospital business, which drove turnover, leading to a better marginal balance in the production structure compared to the same period of 2020, and to bonuses on certain strategic supplies, largely underpinned by the start of the new contracts in the north-eastern area. It should be noted that during the period a capital gain of Euro 1.5 million was recognised on the sale of the workwear business. During the period, there were also estimated charges of Euro 1,3 million relating to the restructuring process aimed at discontinuing production activities at Ariccia (RM) plant. Raw material costs had a lower incidence on turnover compared to the comparison period (-0.8%), mainly due to lower purchases of non-woven textile made on Steril B line. Service costs increased (+0.3%), deriving from a change within the logistics and production structure aimed at managing laundry and wardrobe services related to the new tenders launched in north-eastern Italy and the contingent management of the Covid-19 emergency. Personnel costs were down in terms of incidence on turnover

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(-0.9%) compared to the previous period, as a result of a greater absorption of structural staff, as well as a greater use of holidays, permits and redundancy fund (Italian CIG) in response to Covid-19 emergency. The excellent results of operating margins at an international level were confirmed in 2021 in both Brazil (EBITDA margin 31.0%) and Turkey (EBITDA margin 28.1%), albeit partly mitigated by the inflationary increases recorded in the reference countries, which primarily impact raw materials and energy costs.

Consolidated operating result (EBIT) increased from Euro 0.9 million in the first nine months of 2020 (0.5% of revenues in the period) to **Euro 10.0 million** in the same period of 2021 (5.2% of revenues in the period), mainly as a result of the changes in revenues and EBITDA described above and a higher absorption of fixed costs.

The interim consolidated financial statements as at 30 September 2021 therefore close with a **net profit** of **Euro 7,1 million**, compared to a net loss of Euro 0.3 million in the same period of the previous year.

Net financial debt as at 30 September 2021 is equal to **Euro 132.4 million**, up compared to Euro 129.6 million as at 31 December 2020, but showing an improvement of Euro 4.2 million compared to 30 September 2020.

SIGNIFICANT EVENTS DURING THE PERIOD

On 3 February 2021, in line with the redistribution of volumes in order to achieve greater saturation of the production capacity of the sites in the north-west area, production activities at the plant located in Podenzano (PC, Italy) ceased.

On 26 February 2021, the Company announced that it had signed the closing relating to the sale to AlSCO Italia S.r.l. of the workwear business unit (the "Business Unit"), a preliminary disclosure to the market at the time of signing on 28 January. 2021. For more information, please refer to the press release issued on the same date.

In compliance with the actions provided in the sustainability plan contained in the Group's consolidated non-financial statement, on 22 March 2021 the Company obtained ISO 37001 certification, whose management system is aimed at facing and preventing possible cases of corruption and promoting an ethical corporate culture.

On 20 April 2021, the Ordinary Shareholders' Meeting approved the Parent Company's financial statements as at 31 December 2020 and the allocation of the result of the year; renewed the authorization to purchase and dispose treasury shares; approved the remuneration policy of Servizi Italia S.p.A.; appointed the members of the Board of Directors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2023, also determining their remuneration. For more information, please refer to the press release issued on the same date.

According to the provisions of articles 4 and 24 of Law 223/1991, on 20 September 2021, the Parent Company initiated a redundancy procedure for exceeding workers within the production unit located in



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Ariccia (RM), Via Quarto Negroni, 4, due to the cessation of the activities of this production unit relating to textile washing and sterilisation.

The reasons for this are attributable to the loss of volumes processed at the above-mentioned production unit as well as to the Coronavirus emergency. In fact, as already communicated within 2019 Financial Statements, in July 2019, at the end of a regional tender relating to 8 lots for the management of laundry services at the Health Authorities of the Lazio Region (3 lots of which had previously been entrusted to Servizi Italia and processed at the Ariccia plant), Servizi Italia was not awarded any of the lots in the tender, with a consequent structural reduction in the volumes of the laundry department of the Ariccia production unit. For more information, please refer to the Interim Management Report as at 30 September 2021.

Information about Covid-19

The Covid-19 viral pandemic has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities with regard to hygiene standards for medical and nursing staff, wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, despite of operating in strict compliance with the relevant regulations, have been impacted by the evolution of the contingent situation. It is important to underline that, although in a context of recovery from an operational and economic point of view, there are still some uncertainties in relation to the possible impact of the new variants that could affect both the business evolution and the needs of stakeholders' needs the Group is operating with.

In consideration of the fact that the services provided by the Group are to be considered essential, of primary necessity and of public utility and therefore defensive with respect to the ongoing epidemiological situation, the Group has carried out risk & project management and project control activities in order to: (i) avoid the spread of contagion and protect the health and safety of personnel and the environment, (ii) guarantee business continuity, (iii) mitigate the possible negative impact on economic results deriving from a decline in demand for certain types of services; (iv) have an up-to-date mapping of risks, related impacts and mitigation actions in the various areas of the company organization; (v) promptly launched the monitoring of the effects of the epidemic on its results and the related analyses, current and forecast, which are still in progress. In particular, starting from 15 October 2021 and until 31 December 2021, pursuant to Decree-Law no. 127/2021, the Parent Company has planned organizational activities and defined specific procedures to control access to workplaces in compliance with current legislation and operational sustainability of the process.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 11 November 2021, Servizi Italia S.p.A. obtained the basic Family Audit certification, according to the [Guidelines issued by the Autonomous Province of Trento](#). Servizi Italia S.p.A., as part of the initiatives foreseen by the sustainability plan contained in the Consolidated Non-Financial Statement, decided to adhere to this management tool on a voluntary basis, as it believes that the welfare of its employees is the starting point for an improvement process in terms of Corporate Social Responsibility.

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For more information on the actions identified in the plan, please refer to the Interim Management Report as at 30 September 2021.

On 12 November 2021, the Parent Company agreed with the related party Focus S.p.A. to amend the lease agreement signed on 31 August 2016 and relating to the production plant in Ariccia, by reducing the rent to Euro 90,000.00 per year (excluding VAT) starting from 1 January 2022 and up to the expiration date, set for 30 August 2028, in consideration of the cessation of activities relating to textile washing and sterilization at this production unit.

The above-mentioned transaction of lesser importance with related parties has received the prior favourable opinion of the Governance and Related Parties Committee and will be formalised with a specific addendum to the afore-mentioned lease agreement. It should be recalled that the Parent Company informed the market about this lease by publishing, on 5 August 2016, an information document, drawn up pursuant to Article 15 of the "Regulation for transactions with related parties" adopted by the Company, as well as in accordance with Annex 4 of the "Regulation containing provisions on transactions with related parties" adopted by Consob resolution no. 17221 of 12 March 2010, concerning several homogeneous transactions with the related party Focus S.p.A., including that relating to the production plant in Ariccia.

As at 8 November 2021, the Company purchased a total of 1,935,408 treasury shares on the market regulated and managed by Borsa Italiana, equal to 6.08% of the share capital.

BUSINESS OUTLOOK

Results for the first nine months of 2021 were better than expected. The good performance in the third quarter comes from a lower impact of COVID-19 crisis, from the consolidation of the positive results of the foreign companies and the organisational and production efficiency actions undertaken to mitigate the effects of the crisis in the Italian industrial laundry market.

For the end of the financial year 2021, the Group expects results in line with those achieved to date, while maintaining the necessary caution, assuming that there will be no further lockdowns in the latter part of the year. Moreover, in relation to medium-term expectations, the strategy envisages an organic consolidation of the leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiencies in order to contain, among other things, the expected impacts of rising energy prices and inflationary increases, particularly in Brazil and Turkey.

For what concerns liquidity is concerned, net financial debt, after having reached its peak in June, has shown a positive trend in recent months, favoured by the progressive reopening of healthcare and hotel facilities. The Group aims at preserving a financially sound situation by means of an adequate financial balance and a good credit rating with the banks.



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PUBLICATION OF THE DOCUMENTATION

The Interim Management Report as at 30 September 2021 will be available to the public today at Company's registered office, on Company website www.servizitaliagroup.com, as well as on the authorized storage mechanism eMarket Storage at www.emarkestorage.com.

Declaration of the Executive Responsible for the preparation of the accounting documents

The Executive Responsible for the preparation of the corporate accounting documents, Angelo Minotta, declares in accordance with Article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

Alternative performance indicators

The present document uses an "alternative performance indicator" not provided by the IFRS accounting standards. Here is the calculation method used and the composition of these ratios, in line with the guidelines of the European Securities and Market Authority (ESMA). The Group management has defined: (i) EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortization, write-downs, impairment and provisions; (ii) net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

This press release is disclosed using emarket SDIR system and it is now available on Company's website (www.servizitaliagroup.com) as well as on eMarket STORAGE system (www.emarkestorage.com).

Servizi Italia S.p.A., a company based in Castellina di Soragna (PR) and listed on Euronext STAR Milan., has been a leader in Italy in the field of integrated rental, washing and sterilization services for textile materials and medical devices in the healthcare sector for over thirty years. The company, which together with its Italian and foreign subsidiaries forms the Servizi Italia Group, has also expanded its services to the industrial, community and hotel sectors. The Group has a highly technological production platform, articulated in over 50 production plants in 7 countries and counts about 3,700 employees and collaborators: these are the numbers with which Servizi Italia contributes daily to the health and safety of professionals, patients and workers, respecting ethics and the environment in which it operates.

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In attachment:

- Consolidated statement of financial position as at 30 September 2021
- Consolidated income statement as at 30 September 2021
- Consolidated statement of comprehensive income as at 30 September 2021
- Consolidated net financial position as at 30 September 2021

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 September 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	165,459	168,821
Intangible assets	4,694	5,238
Goodwill	64,888	65,639
Equity-accounted investments	26,738	24,582
Equity investments in other companies	3,018	3,018
Financial receivables	3,632	5,663
Deferred tax assets	7,782	8,091
Other assets	3,616	4,342
Total non-current assets	279,827	285,394
Current assets		
Inventories	8,926	7,996
Trade receivables	71,020	62,974
Current tax assets	1,863	2,019
Financial receivables	7,251	6,521
Other assets	9,357	9,752
Cash and cash equivalents	3,465	4,441
Total current assets	101,882	93,703
TOTAL ASSETS	381,709	379,097
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,912	30,259
Other reserves and retained earnings	85,339	83,331
Net profit of the period	7,040	2,761
Total shareholders' equity attributable to shareholders of the parent	122,291	116,351
Total shareholders' equity attributable to non-controlling interests	2,019	2,235
TOTAL SHAREHOLDERS' EQUITY	124,310	118,586
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	59,680	56,262
Deferred tax liabilities	2,229	2,500
Employee benefits	8,860	9,582
Provisions for risks and charges	4,667	4,804
Other financial liabilities	386	2,905
Total non-current liabilities	75,822	76,053
Current liabilities		
Due to banks and other lenders	83,395	84,307
Trade payables	74,001	76,934
Current tax liabilities	306	124
Employee benefits	875	67
Other financial liabilities	2,622	3,353
Provisions for risks and charges	1,622	1,523
Other liabilities	18,756	18,150
Total current liabilities	181,577	184,458
TOTAL LIABILITIES	257,399	260,511
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	381,709	379,097

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CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	30 September 2021	30 September 2020
Revenues from sales	191,171	178,040
Other income	6,504	3,319
Raw materials and consumables	(20,156)	(20,216)
Costs for services	(61,173)	(56,434)
Personnel expenses	(64,465)	(61,586)
Other costs	(923)	(1,420)
Depreciation/amortization and provisions	(40,979)	(40,787)
Operating profit (loss)	9,979	916
Financial income	595	1,145
Financial expenses	(3,536)	(4,174)
Income/(Expense) from equity investments	34	1,052
Revaluation/impairment of equity-accounted investments	1,340	(973)
Profit (Loss) before taxes	8,412	(2,034)
Income taxes	(1,322)	1,731
Profit (Loss) of the period	7,090	(303)
<i>of which: Share pertaining to the Shareholders of the Parent Company</i>	7,040	(437)
<i>Share pertaining to the minority shareholders</i>	50	134

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	30 September 2021	30 September 2020
Profit (Loss) of the period	7,090	(303)
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(850)	(16,750)
Portion of comprehensive income of the investments measured using the equity method	382	(244)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	(468)	(16,994)
Total comprehensive income for the period	6,622	(17,297)
<i>of which: Attributable to shareholders of the parent</i>	6,726	(17,151)
<i>Attributable to non-controlling interests</i>	(104)	(146)

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CONSOLIDATED NET FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 September 2021	31 December 2020	30 September 2020
Cash and cash equivalents in hand	29	22	89
Cash at bank	3,436	4,419	4,348
Cash and cash equivalents	3,465	4,441	4,437
Current financial receivables	7,251	6,521	6,549
Current liabilities to banks and other lenders	(83,395)	(84,307)	(95,796)
<i>of which financial liabilities for IFRS 16</i>	(3,346)	(3,441)	(3,354)
Current net financial debt	(76,144)	(77,786)	(89,247)
Non-current liabilities to banks and other lenders	(59,680)	(56,262)	(51,739)
<i>of which financial liabilities for IFRS 16</i>	(27,281)	(29,502)	(29,458)
Non-current net financial debt	(59,680)	(56,262)	(51,739)
Net financial debt	(132,359)	(129,607)	(136,549)

Fine Comunicato n.0868-121

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