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Oggetto : The Board of Directors of Servizi Italia
approves the interim management report
as at 31 March 2022

Testo del comunicato

Vedi allegato.



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The Board of Directors of Servizi Italia approves the interim management report as at 31 March 2022

Positive revenue turnover (+8.1%) driven by organic growth in laundry (+11.5%)

Operations impacted by gas and electricity energy costs (+2.9% incidence on revenues)

Adjusted¹ EBITDA margin equal to 21.6% and adjusted EBIT margin equal to 0.9%

- **Consolidated Revenues** equal to **Euro 65.4 million**; **Adjusted revenues** equal to **Euro 66.5 million** (Euro 60.5 million in 1Q2021)
- **Consolidated EBITDA** equal to **Euro 13.3 million**, **Adjusted EBITDA** equal to **Euro 14.4 million** (Euro 15.2 million in 1Q2021)
- **Consolidated EBIT** equal to **Euro -0.5 million**; **Adjusted EBIT** equal to **Euro 0.6 million** (Euro 1.9 million in 1Q2021)
- **Consolidated Net Result** equal to **Euro -0.3 million**; **Adjusted consolidated net result** equal to **Euro 0.5 million** (Euro 1.4 million in 1Q2021)
- **Net financial position** equal to **Euro 131.0 million** (Euro 125.7 million as at 31 December 2021 and Euro 133.4 mln as at 31 March 2021)

Castellina di Soragna (PR), Italy, 13 May 2022

The Board of Directors of Servizi Italia, a company listed on the Euronext STAR Milan of Borsa Italiana and leading operator in the outsourcing of hospital services in Italy, Brazil, Turkey, India, Albania, Morocco – today approved the Interim Management Report as at 31 March 2022.

"The first quarter of 2022 closed with higher-than-expected revenues," said Roberto Olivi, Chairman of the Executive Committee of Servizi Italia, "confirming the recognition of our leadership position within the reference market in all the countries where the Group operates. As expected, the energy price rose and the inflationary increases recorded in this first quarter heavily weighed on the performance of the period, which was just partly sustained by price adjustments and production efficiencies. The continuation of the Russian-

¹ The adjusted figures do not take into account the lower revenues of Euro 1.1 million (Euro 0.8 million net of tax effects) deriving from ISTAT starting from the services provided for the Ferrara Hospital through the project company Prog.este S.p.A. from 2014 to 2021. For more details, see the paragraph "Significant events after the end of the first quarter".

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Ukrainian conflict and the contingent uncertainty dictated by the macroeconomic context do not allow us to quantify the temporary nature of these effects, which we will counter with all the recovery and efficiency actions at our disposal. Preserving the value generated by the Group by supporting and protecting all stakeholders remains our primary objective, aware that 2022 will be a year in which, once again, we will demonstrate our ability to accept new challenges and achieve our goals."

CONSOLIDATED RESULTS AS AT 31 MARCH 2022

As of 31 March 2022, the Servizi Italia Group's **consolidated revenues** amounted to **Euro 65.4 million**, up by 8.1% (+9.0% at constant exchange rates or +10.0% adjusted) compared to 31 March 2021, with the following segment trends:

- **Wash-hire services** - which accounts for 77.4% of Group's revenues and includes all activities relating to the washing, hire, collection and reconditioning of textile and mattress products - go from Euro 45.8 million in the first three months of 2021 to Euro 50.6 million in the same period of 2022, recording an increase of 10.4 % (or 11.5% at constant exchange rates), supported by an important growth in the Italian wash-hire sector which recorded an increase in revenues of 11.8%, an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business which in the first quarter of 2021 was essentially irrelevant due to Covid. Lower revenues were also recorded on the line for the ISTAT effective date starting from the years 2014-2021 from Prog.Este. S.p.A. for Euro 0.4 million. Net of this extraordinary impact, the line revenues would have increased by 11.3%.
- **Textile sterilization services** - which accounts for 6.7% of 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 - go from Euro 4.6 million in the first three months of 2021 to Euro 4.4 million, with a decrease of 3.7% due to a lower supply of reusable technical fabric (TTR) in the north-east of Italy with respect to the comparison period. On the line there are also lower revenues for the *ISTAT effective date* from the years 2014-2021 from Prog.Este. S.p.A. for Euro 0.1 million, net of this extraordinary impact, the line would record a decrease of 1.6%.
- **Surgical instrument sterilization services** - which represents 16.9% of total revenues and includes all activities related to the rental, sterilization, collection and reconditioning of surgical instruments - go from Euro 10.1 million in 2021 to Euro 10.4 million in 2022, with an increase of 3.2% mainly due to new orders in the north-east are of Italy and to the growth recorded in the period by Steritek S.p.A. for validation services (6.7% in absolute terms on the revenues recorded by the segment) which accounts for 0.9% of the line growth. On the line there are also lower revenues for the *ISTAT effective date starting* from the years 2014-2021 from Prog.Este.



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S.p.A. for Euro 0.6 million, net of this extraordinary impact, the line would record revenues up by 9.0%.

For what concerns geographical distribution, **revenues generated from foreign markets** amounted to **Euro 8.3 million** (of which Euro 6.7 million relating to Brazil and Euro 1.6 million relating to Turkey) covering the 12.7% of Group's turnover (13.2% in 2021). Revenues in the Brazil area were characterized by a slight drop in local currency (-2.1%), offset by a markedly positive exchange rate effect of 12.2% (appreciation of the Brazilian Real against the Euro) which led to a positive change of 10.1% for the period. The Turkish area recorded an organic growth of 48.9%, offset by a negative exchange rate effect of 64.2% (depreciation of the Turkish Lira against the Euro) which led to a negative change of turnover by 15.3%.

Consolidated EBITDA went from Euro 15.2 million in the first three months of 2021 to **Euro 13.3 million** in the same period of 2022, going from 25.2% to 20.3% of revenues or a decrease in absolute value of 12.8%. The EBITDA margin for the period was affected by one-off and exceptional elements that characterized both the first quarter of 2022 and the first quarter of 2021. With regard to the first quarter of 2021, we note that it was positively influenced by the capital gain relating to the sale of the workwear branch for Euro 1.5 million. In the first quarter of 2022, on the other hand, the negative impact relating to the ISTAT effective date was recorded to Prog.Este. S.p.A. for Euro 1.1 million. Net of this latter impact, the EBITDA margin for the first quarter of 2022 would be equal to 21.6%. It should also be noted that in the first quarter of 2022 the growth in terms of incidence on revenues from costs for services (+2.9%) is mainly connected to the increases recorded by utilities such as gas and electricity as well as the activation of cloakroom services connected to launch of new tenders in north-east Italy. Personnel costs decreased in terms of incidence on turnover (-0.2%) compared to the previous period, albeit growing in absolute value (+7.5%) following the increase in the number of Group employees. In the period there was a slight decrease in operating margin results in the Brazil area (EBITDA margin going from 32.2% to 29.2%), and a significant decrease in Turkey (EBITDA margin which going from 27.7% to 0.9%) mainly due to the increases recorded in the period, in different proportions in the respective countries, in relation to energy costs and costs for raw materials and the impact on operating costs, related to the strong inflationary increase, recorded in the Turkish area.

Consolidated operating income (**EBIT**) went from Euro 1.9 million during the first three months of 2021 (3.2% compared to the turnover for the period) to **Euro -0.5 million** during the same period in 2022 (-

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0.8% compared to the turnover for the period, or 0.9% adjusted), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA and to a lower incidence of amortization and depreciation for the period.

The **Servizi Italia Group's** consolidated intermediate financial statements as at 31 March 2022 closed with a net result of **Euro -0.3 million** compared to Euro 1.4 million for the same period of the previous year.

Net financial debt as at 31 March 2022 is equal to **Euro 131.0 million**, up compared to Euro 125.7 million at 31 December 2021, but down compared to Euro 133.4 million as of 31 March 2021, which also included the collection of the price for the sale of the workwear branch.

Covid-19 disclosure

The Covid-19 viral epidemic has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities with regard to hygiene guarantees for medical and nursing staff, for wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, which operates in strict compliance with the relevant regulations, were only in part impacted by the evolution of the contingent epidemiological situation during the period. We are confident that the effects associated with the pandemic risk will gradually diminish and that the Group will be able to adapt, as it has done in the past, to the consequent regulatory and market changes.

SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

On 15 April 2022 the Parent Company received from the project company Prog.Este. S.p.A. a communication in which the loss of the same is announced at the Court of Appeal of Bologna, and the waiver of further appeal regarding the lawsuit brought by the Hospital of Ferrara and qualified as "ISTAT effective date". The sentence established the correct starting date for the application of ISTAT for the period on the enhancement of the services offered, which accrues not from the date of stipulation of the project financing (2006), but from the following year, that is to say from 31 December 2007. The period subject to recalculation pertaining to Servizi Italia concerns the years from 2014 to 2021 for a total amount of Euro 1.1 million. The Parent Company has made provision for the aforementioned amount during the period, which is exceptional in terms of both the amount and its occurrence.

On 20 April 2022, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2021 and the allocation of the result for the year;
- expressed its favourable opinion on the second section of the Report on the remuneration policy of Servizi Italia SpA and on the remuneration paid;

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- appointed the supplementary members of the Board of Statutory Auditors, also determining their relative remuneration.

As at 6 May 2022, the Company acquired a total of 2,173,358 treasury shares on the Euronext Milan Market managed by Borsa Italiana, equal to 6.83% of the share capital.

BUSINESS OUTLOOK

Although the short and medium-term forecasts are complex due to the destabilizing geopolitical context and the significant price increases recorded, for the year 2022 the Group anticipates positive results in Italy and Brazil, while the relative evolving scenario is more complex in relation to Turkey, increasingly oppressed by a context of growing inflation and currency volatility which affects energy and raw material costs more than proportionally warranted compared to the other areas in which the Group operates. At the basis of the sound elements to counter this moment of uncertainty is the Group's customer portfolio, which is presumed not to be affected directly by the "Donbass crisis". Moreover, the Group does not operate directly with *stakeholders* involved in economic restrictions approved by the European Council through Decision (EU) 2022/266 and Regulation (EU) 2022/263. For the next few months, margin recovery actions are also planned aimed at the recognition to customers of a temporary refund aimed at partially mitigating the significant increase in energy costs, both thanks to all the government aids the Group will be able to access. The Group, in the medium-term strategy, despite the uncertainty of a situation deriving from an increase in energy costs and raw materials which is presumed to persist beyond the current year, expects an organic consolidation of its leadership position in the Italian and foreign market and a continuous search for optimization and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments undertaken and aims to maintain a solid capital situation through an adequate financial balance and good creditworthiness with banking institutions.

PUBLICATION OF THE DOCUMENTATION

The Interim Report as at 31 March 2022 will be made available to the public today at the Company's registered office, on the website www.servizitaliagroup.com and on the authorised eMarket Storage mechanism www.emarkestorage.com. 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.

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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, amortisation, 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.

With reference to the data set out in this press release, it should be noted that these are data for which the audit work has not been completed.

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.emarketstorage.com).

Servizi Italia S.p.A., a company based in Castellina di Soragna (PR) and listed on the Euronext Milan STAR segment, 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.

For further information:**Investor Relations****Servizi Italia**

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- Consolidated Statement of Financial Position as at 31/03/2022
- Consolidated Income Statement as at 31/03/2022
- Consolidated Statement of Comprehensive Income as at 31/03/2022
- Consolidated Net Financial Position as at 31/03/2022

It should be noted that the Interim Management Report as at 31 March 2022 is not subject to audit review

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2022	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	167,622	163,326
Intangible assets	4,301	4,477
Goodwill	63,635	62,684
Equity-accounted investments	29,113	27,486
Equity investments in other companies	3,305	3,305
Financial receivables	4,550	3,746
Deferred tax assets	9,121	8,349
Other assets	3,162	3,495
Total non-current assets	284,809	276,868
Current assets		
Inventories	8,535	8,408
Trade receivables	69,102	65,139
Current tax receivables	1,865	1,872
Financial receivables	5,664	6,087
Other assets	13,599	9,585
Cash and cash equivalents	3,918	3,217
Total current assets	102,683	94,308
TOTAL ASSETS	387,492	371,176
SHAREHOLDERS' EQUITY AND LIABILITIES		
Group shareholders' equity		
Share capital	29,677	29,809
Other reserves and retained earnings	96,337	82,375
Profit (loss) for the period	(89)	7,500
Total shareholders' equity attributable to shareholders of the parent company	125,925	119,684
Total shareholders' equity attributable to non-controlling interests	1,224	1,435
TOTAL SHAREHOLDERS' EQUITY	127,149	121,119
LIABILITIES		
Non-current liabilities		
Due to banks and other lenders	54,382	58,750
Deferred tax liabilities	2,096	2,107
Employee benefits	8,740	8,338
Provisions for risks and charges	5,200	4,834
Other financial liabilities	389	388
Total non-current liabilities	70,807	74,417
Current liabilities		
Due to banks and other lenders	86,168	76,251
Trade payables	80,897	75,685
Current tax payables	402	276
Employee benefits	642	719
Other financial liabilities	1,860	2,454
Provisions for risks and charges	1,336	1,526
Other payables	18,231	18,729
Total current liabilities	189,536	175,640
TOTAL LIABILITIES	260,343	250,057
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	387,492	371,176

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CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	31 March 2022	31 March 2021
Sales revenues	65,380	60,459
Other income	1,292	2,687
Raw materials and consumables	(7,214)	(6,875)
Costs for services	(23,435)	(19,920)
Personnel expense	(22,376)	(20,805)
Other costs	(357)	(309)
Depreciation/amortisation, impairment and provisions	(13,827)	(13,308)
Operating profit	(537)	1,929
Financial income	337	178
Financial expenses	(1,091)	(1,153)
Income/(expense) from equity investments	-	-
Share of profit/loss of equity-accounted investments	696	477
Profit before tax	(595)	1,431
Current and deferred taxes	322	(20)
Profit (loss) for the period	(273)	1,411
of which: portion attributable to shareholders of the parent	(89)	1,371
Attributable to non-controlling interests	(184)	40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	31 March 2022	31 March 2021
Profit (loss) for the period	(273)	1,411
<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	5,692	(2,455)
Portion of comprehensive income of the investments measured using the equity method	871	287
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	6,563	(2,168)
Total comprehensive income for the period	6,290	(757)
of which: portion attributable to shareholders of the parent	6,501	(712)
Attributable to non-controlling interests	(211)	(45)

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CONSOLIDATED NET FINANCIAL POSITION

<i>(thousands of Euros)</i>	31 March 2022	31 December 2021	31 March 2021
Cash and cash equivalents in hand	27	21	25
Cash at bank	3,891	3,196	4,725
Cash and cash equivalents	3,918	3,217	4,750
Current financial receivables	5,664	6,087	6,078
Current due to banks and other lenders	(86,168)	(76,251)	(82,495)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,382)</i>	<i>(3,285)</i>	<i>(3,432)</i>
Current net financial debt	(80,504)	(70,164)	(76,417)
Non-current due to banks and other lenders	(54,382)	(58,750)	(61,730)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,881)</i>	<i>(27,287)</i>	<i>(28,391)</i>
Non-current net financial debt	(54,382)	(58,750)	(61,730)
Net financial debt	(130,968)	(125,697)	(133,397)

Fine Comunicato n.0868-55

Numero di Pagine: 11