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Oggetto : The Board of Directors of Servizi Italia  
approves the interim management report  
as at 30 September 2022

*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

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# The Board of Directors of Servizi Italia approves the interim management report as at 30 September 2022

**Excellent performance in terms of revenues coming from the surgical instrument sterilization sector (+10.7%), thanks to a recovery in surgical activity.**

**Wash-hire service (+5.8% organic growth) driven by Italy area and by inflationary and pricing adjustments to partly counteract the relentless increase in gas and electricity prices (+3.3% incidence on revenues).**

**EBITDA margin (22.6%) and EBIT margin (1.6%) have been growing steadily since the beginning of the year.**

- Consolidated **Revenues** equal to **Euro 202.5 million** (Euro 191.2 mln in the first nine months of 2021)
- Consolidated **EBITDA** equal to **Euro 45.7 million** (Euro 51.0 mln in the first nine months of 2021)
- Consolidated **EBIT** equal to **Euro 3.2 million** (Euro 10.0 mln in the first nine months of 2021)
- Consolidated **Net Income** equal to **Euro 3.8 million** (Euro 7.1 mln in the first nine months of 2021)
- **Net financial position** equal to **Euro 126.1 million** (Euro 125.7 mln as at 31 December 2021)

Castellina di Soragna (PR), Italy, 14 November 2022

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 2022.

*"The results achieved in the first nine months of 2022 are better than expected – said **Roberto Olivi, Chairman of the Executive Committee of Servizi Italia** – and driven primarily by the diversification strategy that the Group has adopted in offering its services. Despite experiencing the most significant price increases of the main energy sources in all the areas in which we operate, during the third quarter, the Group achieved the best result of the year in terms of operating margins. Indeed, in response to the difficulties of the period, we acted promptly to obtain price adjustments to preserve the value of our services. The sterilization activities, and more generally the more complex services, are confirmed as the key elements to face the current market environment. The Group's financial situation is stable thanks to prudent management of resources and careful planning of investments. We will continue to operate by resolutely pursuing the shared objectives to preserve the value generated by the Group and protect our stakeholders, while also trying to seize all the opportunities that the future may offer us."*

## CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2022

During the first nine months of 2022, the Servizi Italia Group's operating performance recorded a **consolidated turnover equal to Euro 202.5 million**, up by 5.9% compared to 30 September 2021.

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

- Revenues from **wash-hire services**, which represent 76.1% 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 154.0 million**, recording an increase of 5.2% (or 5.8% at constant exchange rates), supported by an important growth in the Italian wash-hire sector (+4.7%), an increase connected both to the tenders in the north-east of Italy and to the full recovery of the hotel business.
- Revenues from **textile sterilization** ("**Steril B**"), which represent 6.7% 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 13.2 million in the first nine months of 2021 to Euro 13.6 million, with an increase of 2.5% mainly due to higher single use supplies in central Italy.
- Revenues from **surgical instruments sterilization** services ("**Steril C**"), which in absolute terms represent 17.2% of the Group's revenues and includes all activities related to the rental, sterilization, collection and reconditioning of surgical instruments, pass from Euro 31.6 million in 2021 to Euro 34.9 million in 2022, registering an increase of 10.7% equal to Euro 3,4 million, mainly due to new orders in the north-east area 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 or a contribution equal to 9.5% of the line growth in the period). It should also be noted that the growth is driven by the recovery of the operating activities recorded in the first nine months of 2022 compared to the same period of the 2021 financial year.

For what concerns geographical distribution, **revenues generated from foreign markets** amounted to **Euro 27.0 million** (of which Euro 22.4 million relating to Brazil and Euro 4.6 million relating to Turkey), covering the 13.4% of revenues in the first nine months of 2022 (13.1% in the same period of the previous year). Revenues in the Brazil area recorded an increase of 15.1% for the period, mainly driven by the appreciation of the Brazilian Real against the Euro (exchange rate effect +16.5%), albeit characterised by a slight decrease in local currency (-1.4%). The Turkish area recorded a growth in local currency of 53.9%, offset by a negative exchange rate effect of 71.3% (depreciation of the Turkish Lira against the Euro) which led to a negative change in turnover of 17.4%.

**Consolidated EBITDA** went from Euro 51.0 million in the first nine months of 2021 to **Euro 45,7 million** in the same period of 2022, passing from 26.7% to 22.6% of revenues, meaning a decrease in absolute terms equal to 4.1%. It should be noted that the first nine months of 2021 were positively influenced by the capital gain relating to the sale of the Workwear business unit of Euro 1.5 million as well as by premiums on certain strategic supplies underlying the start-up of contracts in the North-East of Italy for Euro 1.2 million. The first nine months of 2022 recorded the excellent performance of the sterilization lines and the significant recovery in turnover recorded by the wash-hire segment. The decrease in the EBITDA margin was mainly affected by the growth in costs for services (+3.5%), which is mainly related

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to the increases recorded by utilities such as gas (+2.6% on the EBITDA margin) and electricity (+0.7% on the EBITDA margin). Moreover, it should be noted that the energy price increases have a different specific weight on the operating segments. In fact, wash-hire alone absorbs approximately 87% of the energy price increases recorded in the period. Also worthy of note is an increase in the incidence of costs for raw materials of 0.3% or a 9.1% increase in absolute value, mainly due to the continued increase in the prices of chemical products, packaging and PPE as well as the increase in the price of wood used as fuel for machinery in the Brazil area. Personnel costs decreased in terms of incidence on turnover (-0.5%) compared to the previous period, albeit growing in absolute value (+4.4%) following the increase of volumes processed. In the period there was a slight decrease in operating margin results in the Brazil area (EBITDA margin going from 31.1% to 26.4%), partly due to the start-up phase of the sterilization plant in São Paulo, while there was a significant decrease in Turkey (EBITDA margin going from 28.1% to -5.2%) mainly due to the increases recorded in the period, in different proportions in the respective countries. Indeed, it is noted that the sharp contraction in margins in the Turkey area is mainly due to the sudden rise in inflation recorded in 2022, which has directly impacted operating costs.

**Consolidated operating result (EBIT)** passed from Euro 10.0 million in the first nine months of 2021 (5.2% of revenues in the period) to **Euro 3.2 million** in the same period in 2022 (1.6% compared to the turnover for the period), mainly due to the dynamics already described in the comment on the change in turnover and EBITDA albeit with a lower incidence of amortisation and depreciation (-0.5%).

The interim consolidated financial statements as at 30 September 2022 therefore close with a **net profit of Euro 3,8 million**, compared to Euro 7.1 million in the same period of the previous year.

**Net financial debt** as at 30 September 2022 is equal to **Euro 126.1 million**, compared to Euro 125.7 million as at 31 December 2021, showing an improvement of Euro 6.2 million compared to 30 September 2021.

**SIGNIFICANT EVENTS DURING THE PERIOD**

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

On 15 July 2022, Servizi Italia S.p.A. informed to have acquired – by the exercise of the option due to Servizi Italia – an additional 25.0% of the share capital of Steritek S.p.A, thus arriving at holding 95.0% of the share capital of the Company. The 25.0% of the Company share capital is amounted to Euro 1.34



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million. Pricing was based on the audited 2020 and 2021 results and the Company's net financial position as of the call option exercise date.

The transaction continues as communicated on 5 September 2017, and is carried out with the same purposes that will allow Servizi Italia to come to hold 100% of the Company, breaking down the exercise of the remaining 30.0% of the shares' capital into two stages:

- i. Acquisition on 15 July 2022 of 25.0% of the Company's capital through exercise of call option;
- ii. Assignment to Servizi Italia and the seller, holder of the remaining 5.0% of the Steritek share capital and CEO of the Company, of options to buy (call) and sell (put), respectively, aimed at enabling Servizi Italia to come to hold the entire capital of the Company within 4 years (2026) or within 7 years (2029).

The deferred purchase of the remaining 5.0% of the Company's shares (that presents a floor equal to Euro 268 thousand) is aimed at further consolidating the fruitful partnership relationship between Servizi Italia and the seller. For more information, please refer to the press release on the Parent Company's website.

### ***Covid-19 disclosure***

The Covid-19 viral epidemic 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. Even though it operated in strict compliance with the relevant regulations, the Group's activities were only partly affected during the period by the changing epidemiological situation, with no significant impacts recorded. 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 PERIOD**

On 21 October 2022, with reference to the buy-back program approved by the Shareholders' Meeting of 20 April 2021 and the purchase program approved by the Board of Directors on the same date, the Parent Company announced that this program was concluded on 20 October and that, in execution of the same, in the period between 21 April 2021 and 20 October 2022 (inclusive), a total of 650,091 treasury shares were purchased, equal to 2.04% of the share capital.

### **BUSINESS OUTLOOK**

Although the short and medium-term forecasts are complex due to the destabilising geopolitical context and the significant price increases recorded, for the year 2022 the Group anticipates overall positive results, even though the scenario evolving in the Turkey area, increasingly affected by a context of rising inflation and currency volatility which impact on operating costs and financial charges in a more than

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proportional manner compared to the other areas where the Group operates, is uncertain and complex. 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. Margin recovery actions are being implemented and will continue for the next few months, aimed at the recognition by customers of a temporary refund aimed at partially mitigating the significant increase in energy costs. In the medium-term strategy, despite the uncertainty of a situation deriving from an increase in energy and raw material costs that is expected to persist even beyond the current year, the Group anticipates an organic consolidation of its leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiency. 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 Management Report as at 30 September 2022 will be available to the public today at Company's registered office, on Company website [www.servizitaliagroup.com](http://www.servizitaliagroup.com), as well as on the authorized storage mechanism eMarket Storage at [www.emarketstorage.com](http://www.emarketstorage.com).

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**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, 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.



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*This press release is disclosed using emarket SDIR system and it is now available on Company's website ([www.servizitaliagroup.com](http://www.servizitaliagroup.com)) as well as on eMarket STORAGE system ([www.emarketstorage.com](http://www.emarketstorage.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.

### For further information:

#### Investor Relations

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### In attachment:

- Consolidated statement of financial position as at 30 September 2022
- Consolidated income statement as at 30 September 2022
- Consolidated statement of comprehensive income as at 30 September 2022
- Consolidated net financial position as at 30 September 2022

It should be noted that the Interim Management Report as at 30 September 2022 is not subject to audit review.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of Euros)</i>	30 September 2022	31 December 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	167,721	163,326
Intangible assets	3,955	4,477
Goodwill	63,279	62,684
Equity-accounted investments	32,096	27,486
Equity investments in other companies	3,113	3,305
Financial receivables	5,238	3,746
Deferred tax assets	10,002	8,349
Other assets	3,144	3,495
<b>Total non-current assets</b>	<b>288,548</b>	<b>276,868</b>
<b>Current assets</b>		
Inventories	8,619	8,408
Trade receivables	70,972	65,139
Current tax receivables	1,881	1,872
Financial receivables	6,720	6,087
Other assets	10,555	9,585
Cash and cash equivalents	3,428	3,217
<b>Total current assets</b>	<b>102,175</b>	<b>94,308</b>
<b>TOTAL ASSETS</b>	<b>390,723</b>	<b>371,176</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	29,440	29,809
Other reserves and retained earnings	99,437	82,375
Profit (loss) for the period	4,342	7,500
<b>Total shareholders' equity attributable to shareholders of the parent company</b>	<b>133,219</b>	<b>119,684</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>1,352</b>	<b>1,435</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>134,571</b>	<b>121,119</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	62,548	58,750
Deferred tax liabilities	2,803	2,107
Employee benefits	8,986	8,338
Provisions for risks and charges	5,170	4,834
Other financial liabilities	846	388
<b>Total non-current liabilities</b>	<b>80,353</b>	<b>74,417</b>
<b>Current liabilities</b>		
Due to banks and other lenders	73,690	76,251
Trade payables	80,040	75,685
Current tax payables	113	276
Employee benefits	630	719
Other financial liabilities	14	2,454
Provisions for risks and charges	1,101	1,526
Other payables	20,211	18,729
<b>Total current liabilities</b>	<b>175,799</b>	<b>175,640</b>
<b>TOTAL LIABILITIES</b>	<b>256,152</b>	<b>250,057</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>390,723</b>	<b>371,176</b>



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**CONSOLIDATED INCOME STATEMENT**

<i>(thousands of Euros)</i>	30 September 2022	30 September 2021
<b>Sales revenues</b>	<b>202,533</b>	<b>191,171</b>
Other income	5,753	6,504
Raw materials and consumables	(21,999)	(20,156)
Costs for services	(71,812)	(61,173)
Personnel expense	(67,273)	(64,465)
Other costs	(1,505)	(923)
Depreciation/amortisation, impairment and provisions	(42,489)	(40,979)
<b>Operating profit</b>	<b>3,208</b>	<b>9,979</b>
Financial income	1,718	595
Financial expenses	(4,092)	(3,536)
Income/(expense) from equity investments	362	34
Share of profit/loss of equity-accounted investments	2,294	1,340
<b>Profit before tax</b>	<b>3,490</b>	<b>8,412</b>
Current and deferred taxes	303	(1,322)
<b>Profit (loss) for the period</b>	<b>3,793</b>	<b>7,090</b>
of which: portion attributable to shareholders of the parent	4,342	7,040
Attributable to non-controlling interests	(549)	50

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>(thousands of Euros)</i>	30 September 2022	30 September 2021
<b>Profit (loss) for the period</b>	<b>3,793</b>	<b>7,090</b>
<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	5,017	(850)
Portion of comprehensive income of the investments measured using the equity method	2,389	382
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>7,406</b>	<b>(468)</b>
<b>Total comprehensive income for the period</b>	<b>11,199</b>	<b>6,622</b>
of which: portion attributable to shareholders of the parent	11,952	6,726
Attributable to non-controlling interests	(753)	(104)

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**CONSOLIDATED NET FINANCIAL POSITION**

<i>(thousands of Euros)</i>	30 September 2022	31 December 2021	30 September 2021
Cash and cash equivalents in hand	23	21	29
Cash at bank	3,405	3,196	3,436
<b>Cash and cash equivalents</b>	<b>3,428</b>	<b>3,217</b>	<b>3,465</b>
Current financial receivables	6,720	6,087	7,251
Current due to banks and other lenders	(73,690)	(76,251)	(83,395)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,353)</i>	<i>(3,285)</i>	<i>(3,346)</i>
<b>Current net financial debt</b>	<b>(66,970)</b>	<b>(70,164)</b>	<b>(76,144)</b>
Non-current due to banks and other lenders	(62,548)	(58,750)	(59,680)
<i>of which Financial liabilities under IFRS 16</i>	<i>(27,298)</i>	<i>(27,287)</i>	<i>(27,281)</i>
<b>Non-current net financial debt</b>	<b>(62,548)</b>	<b>(58,750)</b>	<b>(59,680)</b>
<b>Net financial debt</b>	<b>(126,090)</b>	<b>(125,697)</b>	<b>(132,359)</b>

Fine Comunicato n.0868-110

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