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Oggetto : The Board of Directors of Servizi Italia  
approves the interim management report  
as at 31 March 2023

*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 31 March 2023

**Revenues up sharply in Q1 2023 (+11.8% organic), with double digit growth in surgical sterilization (+27.4%) and linen sterilization (+12.4%) segments.**

**Ebitda margin at 24.8% (+450bps over Q1 2022) and Ebit margin at 5.0% (+580 bps) driven by growth in turnover and inflation adjustments applied.**

- **Consolidated Revenues** equal to **Euro 72.6 million** (Euro 65.4 million in 1Q2022)
- **Consolidated EBITDA** equal to **Euro 18.0 million** (Euro 13.3 million in 1Q2022)
- **Consolidated EBIT** equal to **Euro 3.6 million** (Euro -0.5 million in 1Q2022)
- **Consolidated Net Result** equal to **Euro 2.3 million** (Euro -0.3 million in 1Q2022)
- **Net financial position** equal to **Euro 136.0 million** (Euro 119.0 million as at 31 December 2022 and Euro 131.0 mln as at 31 March 2022)

Castellina di Soragna (PR), Italy, 12 May 2023

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 2023.

*"The results for the first quarter of 2023," said Roberto Olivi, Chairman of the Executive Committee of Servizi Italia, "meet and exceed our targets in all operating segments. The growth in revenues and margins testify to the solidity of our business model and the quality of the service offered. In a market environment still partly spoiled by the onerousness of the main energy commodities, the gradual inflationary adjustment of prices and a significant growth in volumes handled led the Group to close the first three months with decidedly positive operating results. However, we are aware that the near future will present new challenges, one of them being the rising cost of money driven by the sudden increase in interest rates. The appropriate rationalization of investments and a balanced management of working capital will be crucial in the coming months to enable a consistent economic and financial evolution in order to protect all stakeholders and preserve the value generated by the Group."*

### CONSOLIDATED RESULTS AS AT 31 MARCH 2023

As of 31 March 2023, the Servizi Italia Group's **consolidated revenues** amounted to **Euro 72.6 million**, up by 11.0% (+11.8% at constant exchange rates or +10.0% adjusted) compared to 31 March 2022, with the following segment trends:

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- Revenues from **wash-hire services** (which in absolute terms represent 74.9% of the Group's revenues and includes all activities relating to the washing, hire, collection and reconditioning of textile and mattress products) rose from Euro 50.6 million in the first three months of 2022 to Euro 54.4 million in the same period of 2023, recording an increase of 7.5% (or 8.6% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.9%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+70.4%, or +126.8% at constant exchange rates). The Italy area benefits from the excellent performance in terms of revenues of the hotel and private nursing homes segment as well as the growth related to the inflation adjustments accrued and subscribed in the course of 2022 and in the first quarter of 2023.
- Revenues from **linen sterilisation services** (which in absolute terms represent 6.8% 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) go from Euro 4.4 million in the first three months of 2022 to Euro 5.0 million, with an increase of 12.4% due in part to greater disposable supplies in central Italy and in part to the increase in volumes of reusable technical fabric (TTR) processed in the north-east of Italy.
- Revenues from **surgical instrument sterilisation services** (which in absolute terms represent 18.3% 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) rose from Euro 10.4 million in 2022 to Euro 13.2 thousand in 2023, with an increase of 27.4% equal to Euro 2,851 thousand mainly due to higher operating activities recorded in the period in the Italy area and to the inflation adjustments accrued and subscribed in the course of 2022 and in the first quarter of 2023.

For what concerns geographical distribution, **revenues generated from foreign markets** amounted to **Euro 10.0 million** (of which Euro 7.2 million relating to Brazil and Euro 2.8 million relating to Turkey) covering the 13.8% of Group's turnover in the first quarter 2023 (12.7% in the same period of 2022). Revenues in the Brazil area also showed a positive change in the period of 8.7%, i.e. organic growth of 3.3% and an increase of 5.5% driven by the appreciation of the Brazilian Real against the Euro.

Consolidated **EBITDA** went from Euro 13.3 million in the first three months of 2022 to Euro 18.0 million in the same period of 2023, with an EBITDA margin growing by 450 bps, from 20.3% to 24.8% of revenues or an increase in absolute value of 35.5%. It should be noted that the first quarter of 2022 was negatively affected by a one-off effect of lower revenues in the amount of Euro 1.1 million for the 2014-2021 ISTAT to Prog.Este. S.p.A.; the increase in

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absolute value of EBITDA net of this effect would have been 25.2% or an increase in the EBITDA margin of 320 bps. The first three months of 2023 were characterised by the excellent performance of all operating segments in terms of both revenues and margins. The benefits are mainly related to the concurrent effect of inflationary adjustments recorded on contracts prices and to the benefit of a tax credit in the Italy area of Euro 1.5 million, which only partially offsets the increase in the cost of gas (Euro +1,607 thousand, or +1.8% relative incidence) and electricity (Euro +517 thousand, or +0.5% relative incidence) compared to the first quarter of 2022. Also worthy of note is a decrease in the incidence of costs for raw materials of 1.3% mainly due to the lower trading in disposable material with an increase, however, of 2.4% in absolute terms mainly linked to the increase in the prices of chemical products and packaging 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 (-2.2%) compared to the previous period, albeit growing in absolute value (+3.9%) following the increase in volumes processed. During the period, operating margins decreased in the Brazil area (EBITDA margin going from 29.2% to 25.2%), partly due to the continued context of rising material and energy costs and the start-up phase of the sterilisation plant in São Paulo, while there was a significant recovery in margins in the Turkey area (EBITDA margin going from 0.9% to 25.7%) mainly due to the inflationary adjustment of contract prices.

The consolidated operating result (**EBIT**) went from Euro -0.5 million during the first three months of 2022 (-0.8% compared to the turnover for the period) to **Euro 3.6 million** during the same period in 2023 (5.0% 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 (-1.3%).

Financial management showed an increase of Euro 1.0 million compared to the same period of the previous year, mainly due to the strong increase in interest rates applied by the interbank system and exchange losses of Euro 0.2 million mainly referring to the depreciation of the Turkish Lira and the Rupee against the Euro.

Therefore, the consolidated intermediate financial statements as at 31 March 2023 closed with a **net profit of Euro 2.3 million** compared to the net loss of Euro 0.3 million for the same period of 2022.

The change in **net financial debt** at 31 March 2023 compared to 31 December 2022 includes investments in materials for approximately Euro 12.7 million, primarily textile linen products to be fed into the production process and financial contributions in jointly controlled companies for a total of Euro 0.7 million. The consolidated net financial position therefore decreased from Euro 119.0 million at 31 December 2022 to **Euro 136.0 million** at 31 March 2023, a negative



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change of Euro 17.0 million. In addition to what has already been commented, the change is attributable to the significant growth in turnover recorded and to a concurrent increase in the average days of collection recorded in the period.

### SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

On 20 April 2023, the ordinary session of the Shareholders' Meeting:

- approved the financial statements of the Parent Company closed on 31 December 2022;
- resolved the authorisation to purchase and dispose of treasury shares, as proposed by the Board of Directors. The resolution authorised the purchase of a maximum of 6,361,890 ordinary shares with nominal value of Euro 1.00 each, corresponding to one-fifth of the Company's share capital (taking into account the shares already held by the Company) for a period 18 months from that date, while the duration of the authorisation for disposal of the treasury shares has no time limits;
- approved the remuneration policy of Servizi Italia S.p.A.;
- appointed the members of the Board of Statutory Auditors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2025, also determining their remuneration.

### BUSINESS OUTLOOK

The results obtained in the first quarter of 2023 were higher than expected in both the Italy and Turkey areas. The factors contributing to the excellent performance relate to the reduction in energy commodity prices, primarily gas and electricity, which negatively impacted performance in financial year 2022, and a steady growth in turnover related to contractual inflationary adjustments, which are expected to continue in the coming months. The geopolitical context remains difficult to interpret; however, the Group's business to date has only been indirectly impacted by the related dynamics. In the coming months, management will focus on monitoring the development of the cost of money and the dynamics related to the interest rates applied by the interbank system. The Group's ability to direct its efforts to more profitable domestic and foreign investments, rationalising the increasingly marginal commitments, will also be fundamental in the near future. 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 in the 2023 financial 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



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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 2023 will be made available to the public today at the Company's registered office, on the website [ir.servizitaliagroup.com](http://ir.servizitaliagroup.com) and on the authorised eMarket Storage mechanism [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, 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.

*This press release is disclosed using emarket SDIR system and it is now available on Company's website ([ir.servizitaliagroup.com](http://ir.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 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 3,600 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 31/03/2023
- Consolidated Income Statement as at 31/03/2023
- Consolidated Statement of Comprehensive Income as at 31/03/2023
- Consolidated Net Financial Position as at 31/03/2023

This Interim Management Report as at 31 March 2023 is not subject to audit review.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of Euros)</i>	31 March 2023	31 December 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	167,510	164,779
Intangible assets	3,596	3,783
Goodwill	62,409	62,394
Equity-accounted investments	33,926	33,067
Equity investments in other companies	3,113	3,113
Financial receivables	5,876	5,503
Deferred tax assets	11,845	11,309
Other assets	2,719	2,954
<b>Total non-current assets</b>	<b>290,994</b>	<b>286,902</b>
<b>Current assets</b>		
Inventories	8,527	8,553
Trade receivables	79,337	67,519
Current tax receivables	2,003	2,086
Financial receivables	7,138	7,080
Other assets	16,595	12,732
Cash and cash equivalents	4,567	18,165
<b>Total current assets</b>	<b>118,167</b>	<b>116,135</b>
<b>TOTAL ASSETS</b>	<b>409,161</b>	<b>403,037</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	29,432	29,432
Other reserves and retained earnings	101,900	97,205
Profit (loss) for the period	2,052	3,833
<b>Total shareholders' equity attributable to shareholders of the parent company</b>	<b>133,384</b>	<b>130,470</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>3,501</b>	<b>3,003</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>136,885</b>	<b>133,473</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	67,404	62,484
Deferred tax liabilities	3,045	2,870
Employee benefits	7,993	8,055
Provisions for risks and charges	6,395	6,386
Other financial liabilities	855	851
<b>Total non-current liabilities</b>	<b>85,692</b>	<b>80,646</b>
<b>Current liabilities</b>		
Due to banks and other lenders	80,277	81,760
Trade payables	85,632	85,077
Current tax payables	91	26
Employee benefits	-	-
Other financial liabilities	14	13
Provisions for risks and charges	2,030	2,097
Other payables	18,540	19,945
<b>Total current liabilities</b>	<b>186,584</b>	<b>188,918</b>
<b>TOTAL LIABILITIES</b>	<b>272,276</b>	<b>269,564</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>409,161</b>	<b>403,037</b>

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**CONSOLIDATED INCOME STATEMENT**

<i>(thousands of Euros)</i>	31 March 2023	31 March 2022
<b>Sales revenues</b>	<b>72,555</b>	<b>65,380</b>
Other income	2,853	1,292
Raw materials and consumables	(7,038)	(7,214)
Costs for services	(26,670)	(23,435)
Personnel expense	(23,241)	(22,376)
Other costs	(445)	(357)
Depreciation/amortisation, impairment and provisions	(14,410)	(13,827)
<b>Operating profit</b>	<b>3,604</b>	<b>(537)</b>
Financial income	317	337
Financial expenses	(2,050)	(1,091)
Income/(expense) from equity investments	-	-
Revaluation/impairment of equity-accounted investments	385	696
<b>Profit before tax</b>	<b>2,256</b>	<b>(595)</b>
Current and deferred taxes	55	322
<b>Profit (loss) for the period</b>	<b>2,311</b>	<b>(273)</b>
of which: portion attributable to shareholders of the parent	2,052	(89)
Attributable to non-controlling interests	259	(184)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>(thousands of Euros)</i>	31 March 2023	31 March 2022
<b>Profit (loss) for the period</b>	<b>2,311</b>	<b>(273)</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	429	5,692
Portion of comprehensive income of the investments measured using the equity method	(119)	871
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>310</b>	<b>6,563</b>
<b>Total comprehensive income for the period</b>	<b>2,621</b>	<b>6,290</b>
of which: portion attributable to shareholders of the parent	2,479	6,501
Attributable to non-controlling interests	142	(211)



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**CONSOLIDATED NET FINANCIAL POSITION**

<i>(thousands of Euros)</i>	31 March 2023	31 December 2022	31 March 2022
Cash and cash equivalents in hand	25	24	27
Cash at bank	4,542	18,141	3,891
<b>Cash and cash equivalents</b>	<b>4,567</b>	<b>18,165</b>	<b>3,918</b>
Current financial receivables	7,138	7,080	5,664
Current due to banks and other lenders	(80,277)	(81,760)	(86,168)
<i>of which Financial liabilities under IFRS 16</i>	<i>(3,677)</i>	<i>(3,360)</i>	<i>(3,382)</i>
<b>Current net financial debt</b>	<b>(73,139)</b>	<b>(74,680)</b>	<b>(80,504)</b>
Non-current due to banks and other lenders	(67,404)	(62,484)	(54,382)
<i>of which Financial liabilities under IFRS 16</i>	<i>(28,866)</i>	<i>(27,222)</i>	<i>(27,881)</i>
<b>Non-current net financial debt</b>	<b>(67,404)</b>	<b>(62,484)</b>	<b>(54,382)</b>
<b>Net financial debt</b>	<b>(135,976)</b>	<b>(118,999)</b>	<b>(130,968)</b>

Fine Comunicato n.0868-22

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