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Oggetto : The Board of Directors of Servizi Italia  
approves the Half-year Financial Report as  
at 30 June 2023

*Testo del comunicato*

Vedi allegato.

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## The Board of Directors of Servizi Italia approves the Half-year Financial Report as at 30 June 2023

**Continued organic growth in all areas and segments in which the Group operates (+9.5%)**

**Ebitda margin at 25.1% (+310bps compared to 1H2022) and Ebit margin at 5.1% (+420bps) driven by margin recovery in wash-hire segment and solid performance in sterilization**

- Consolidated **Revenues** equal to **Euro 143.8 million** (Euro 134.0 million in 1H2022)
- Consolidated **EBITDA** equal to **Euro 36.1 million** (Euro 29.5 million in 1H2022)
- Consolidated **EBIT** equal to **Euro 7.4 million** (Euro 1.2 million in 1H2022)
- Consolidated **Net Income** equal to **Euro 2.9 million** (Euro 1.9 million in 1H2022)
- **Net financial debt** equal to **Euro 125.1 million** (Euro 119.0 million as at 31 December 2022 and Euro 136.0 million as at 31 March 2023)

Castellina di Soragna (PR), Italy, 10 August 2023

The Board of Directors of Servizi Italia, a company listed on the Euronext STAR Milan segment of Borsa Italiana and leading operator in the outsourcing of hospital services in Italy, Brazil, Turkey, India, Albania and Morocco, today approved the Half-year Financial Report as at 30 June 2023.

*"The six-month period that has just ended – said **Roberto Olivi, Chairman of the Executive Committee of Servizi Italia** – shows extremely solid operating results and further improvement over forecasts. The results realized are primarily the outcome of the contractual adjustments and production efficiencies achieved in all operating segments, as well as of the strategic choices made in the recent past and, therefore, of the Group's commitment in all its functions. We strongly believe that the enhancement of the services offered in the Italian area and their diversification in the foreign areas can be the cornerstones for a path of success and value creation for all stakeholders. Short-term objectives remain firmly linked to the rationalization of investments and a balanced management of working capital to enable a consistent economic and financial evolution, thus persevering the value generated by the Group."*

### **CONSOLIDATED RESULTS AS AT 30 JUNE 2023**

During the first semester 2023, the Servizi Italia Group recorded a **consolidated turnover** equal to **Euro 143.8 million**, up by 7.3% (9.5% at constant exchange rates) compared to the first semester 2022, with the following sectorial trends:

- Revenues from **wash-hire services**, which in absolute terms represent 74.9% of the Group's revenues, pass from Euro 101.8 million in the first six months of 2022 to Euro 107.7 million in the first half of 2023, up by 5.8% (8.6% at constant exchange rate), supported by a steady growth in



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wash-hire segment in Italy (+5.1%). The Italian area benefits from the excellent performance in terms of revenues due to growth related to inflation adjustments accrued and signed during 2022 and the first half of 2023.

- Revenues from **textile sterilization** (Steril B), which in absolute terms represent 6.7% of the Group's revenues, pass from Euro 9.3 million in the first six months of 2022 to Euro 9.7 million in the first semester of 2023, up by 4.6% partly due to higher supplies of disposables in the central Italy area and in part to an increase in processed volumes of reusable technical textiles (TTR) in the north-east of Italy.
- Revenues from **surgical instruments sterilization services** (Steril C), which in absolute terms represent 18.4% of the Group's revenues, pass from Euro 23.0 million of 2022 to Euro 26.5 million of 2023, with a 15.0% increase of Euro 3.5 million mainly due to higher operating activities recorded in the period in Italy and inflation adjustments accrued and signed during 2022 and the first half of 2023.

For what concerns geographical distribution, **revenues generated from foreign markets** amount to **Euro 19.4 million** (of which Euro 15.3 million relating to Brazil and Euro 4.1 million relating to Turkey), covering the 13.6% of first semester 2023 consolidated turnover (13.4% in the same period of 2022). The Turkish area experiences a fast recovery resulting from contractual price adjustment (+21.1% or +111.0% at constant exchange rate) and revenues from Brazil also show a 6.3% positive change, coming from 4.9% organic growth and 1.4% driven by the strengthening of the Brazilian Real against the Euro.

**Consolidated EBITDA** increased from Euro 29.5 million in the first six months of 2022 to **Euro 36.1 million** in the same period of 2023, with Ebitda margin increasing by 310 bps from 22.0% to 25.1% of revenues or an absolute increase of 22.5%. The first six months of 2023 are distinguished by the excellent performance of all operating segments both in terms of revenues and margins. The benefits are mainly related to the concomitant effect of inflationary adjustments on contract prices and the benefit of the tax credit in the Italy area amounting to Euro 2.0 million, which neutralizes the growth in gas (Euro +0.97 million or +0.4% relative incidence) and electricity (Euro +0.65 million or +0.3% relative incidence) costs compared to the first half of 2022. Also worth noting is a 1.2% decrease in the incidence of raw material costs driven primarily by lower marketing of disposable materials and a decrease in costs incurred for packaging through plastic materials. Personnel costs are down in terms of incidence on sales (-1.2%) compared to the previous period, although up in absolute value (+3.4%) as a result of increased volumes handled. Strong growth in operating margin results were recorded in the period in Turkey (EBITDA margin rising from 2.4% to 27.7%) mainly due to the inflationary adjustment of contract prices and a slow but gradual reduction in operating costs, primarily energy, while there was a contraction in margins in Brazil (EBITDA margin falling from 27.9% to 23.3%) partly due to the

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persistent context of rising material and energy costs and the start-up phase of the sterilization plant in São Paulo.

The **operating result (EBIT)** increased from Euro 1.2 million during the first six months of 2022 (0.9% compared to the period's sales) to Euro 7.4 million during the same period 2023 (+5.1% compared to the period turnover), mainly due to the dynamics already described commenting on the change in sales and EBITDA, albeit with a lower incidence of depreciation and amortization for the period.

Financial operations shew a sharp increase in financial expenses of Euro 2.9 million compared to the same period of the previous year mainly due to the increase in interest rates applied by the interbank system and to foreign exchange losses of Euro 1.0 million mainly related to the depreciation of the Turkish lira and Rupee against the Euro. Also worth mentioning is the write-down of the equity investment in Sanitary Cleaning Sh.p.k. for Euro 1.4 million related to the fair value adjustment of the shares held by the Parent Company.

Therefore, the consolidated financial statements as at 30 June 2023 close with a **net profit of Euro 2.9 million** compared to Euro 1.9 million in the same period of the previous year.

**Net financial debt** as at 30 June 2023 was equal to **Euro 125.1 million**, up from Euro 119.0 million as at 31 December 2022, but down compared to Euro 10.9 million as at 31 March 2023.

**SIGNIFICANT EVENTS DURING THE HALF**

On 28 March 2023, the first sterilization plant of the Servizi Italia Group was inaugurated in the State of São Paulo, Brazil. The transaction involved an investment of approximately R\$ 22.4 million, equal to approximately Euro 4.0 million (exchange rate on 28 March 2023 of Euro 5.6080) for the construction of a sterilization plant capable of processing instruments for around 28,000 surgeries/year and over 50,000 interventions for the operating theatre textile sterilization line, with the expectation of increased production capacity as a result of investments up to around 70,000 surgeries/year and up to 100,000 interventions for the sterile textile line. For more information, please refer to the press release on the Company's website.

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 authorization to purchase and dispose of treasury shares, as proposed by the Board of Directors. The resolution authorized 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 authorization for disposal of the treasury shares has no time limits;
- approved the remuneration policy of Servizi Italia S.p.A.;

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- 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.

**SIGNIFICANT EVENTS AFTER THE END OF THE HALF**

On 5 July 2023, Servizi Italia S.p.A. signed a preliminary agreement with the holders of the remaining shares of Sanitary Cleaning Sh.p.k. concerning the sale of the 40% of shares held by the Parent Company. On 31 July 2023, all suspensive clauses underlying the successful completion of the transaction were verified and fulfilled. The sale is expected to take place by September. The price recognized for the sale of the shares is equal to Euro 100 thousand. The equity investment, subject to the development of the industrial laundry market in the Albanian territory, considering future strategic scenarios is, as of today, off target. Therefore, with a view to efficient resource management, sale and divestment have been evaluated as the best option.

On July 17, 2023 Servizi Italia S.p.A. acquired, for a price paid of Euro 440 thousand, a 33.0% stake in the company Tecnoconsulting S.r.l. based in Scandicci (Florence, Italy) and active in the integrated design of industrial, civil and hospital works. The company, which recorded revenues for Euro 539 thousand in fiscal year 2022, offers a full assistance service during all the phases of design, construction management and safety coordination. The company is mainly specialized in hospital designing thanks to more than 10-year experience in the design of, by way of example, sterilization plants, centralized industrial laundries, clean rooms, operating theaters and laboratories. The Servizi Italia Group had and continues to have a profitable supply relationship, which recognizes and attests the quality of the service offered by the company. The transaction therefore presents a strategic value that emerges primarily from organizational consolidation, know-how integration and future technical and design synergies.

On 25 July 2023 Servizi Italia S.p.A. obtained the membership in the Italian Ministry of Environment and Energy Security "Made Green in Italy" scheme and the issuance of the MGI logo for its flat linen washing and rental service. The scheme is issued by the Italian Ministry of Environment and Energy Security (MASE) and is based on the European Product Environmental Footprint (PEF) methodology, which offers an assessment of the environmental footprint of products and services through their life cycle analysis (LCA); the purpose is enhancing the Italian goods and services having high environmental performance (whose quantification is scientifically reliable) and, through the logo, making them recognizable to consumers, so as to encourage more conscious choices. By obtaining the "Made Green in Italy" logo, Servizi Italia continues on its concrete path to sustainability. The study and assessment of the environmental footprint of services is fundamental for the Group, which can thus focus on mitigation and reduction of environmental impact in those areas of the production chain that are most sensitive.

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**BUSINESS OUTLOOK**

The results achieved by the Group in the first half of 2023 were higher than expected. 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 progressive growth in turnover related to contractual inflationary adjustments, which are expected to physiologically 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. On the other hand, the increase in the cost of money and the dynamics related to the interest rates applied by the interbank system are becoming more and more incisive; this is a structural problem that management is carefully monitoring by taking all actions at its disposal to limit its inevitable impact on the fundamental levers of the Group's business. In the near future, the Group's ability to direct its forces into more profitable domestic and foreign investments will be crucial, while gradually rationalizing more marginal commitments. In its medium-term strategy, the Group, despite the uncertainty of a situation arising from unstable energy fundamentals and raw material costs that is expected to persist into fiscal 2023, envisions an organic consolidation of its leadership position in the Italian and foreign markets 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.

**TREASURY SHARES**

As at 30 June 2023, following the transactions on the market regulated and managed by Borsa Italiana, the Company held n. 2,430,155 treasury shares, equal to 7.64% of the share capital.

**PUBLICATION OF THE DOCUMENTATION**

The Half-year Financial Report as at 30 June 2023 will be made available to the public within the terms and according to the procedures provided for by the regulations in force, accompanied by the auditors' report.

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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 this 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 STAR Milan of Borsa Italiana S.p.A., 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 6 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:

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### In attachment:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated income statement as at 30 June 2023
- Consolidated statement of comprehensive income as at 30 June 2023
- Consolidated statement of cashflow as at 30 June 2023
- Consolidated net financial debt as at 30 June 2023

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(thousands of Euros)</i>	30 June 2023	31 December 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	165,723	164,779
Intangible assets	3,422	3,783
Goodwill	61,879	62,394
Equity-accounted investments	33,255	33,067
Equity investments in other companies	2,938	3,113
Financial receivables	6,000	5,503
Deferred tax assets	12,131	11,309
Other assets	2,678	2,954
<b>Total non-current assets</b>	<b>288,026</b>	<b>286,902</b>
<b>Current assets</b>		
Inventories	8,738	8,553
Trade receivables	77,338	67,519
Current tax assets	1,956	2,086
Financial receivables	7,149	7,080
Other assets	11,548	12,732
Cash and cash equivalents	11,388	18,165
<b>Total current assets</b>	<b>118,117</b>	<b>116,135</b>
<b>TOTAL ASSETS</b>	<b>406,143</b>	<b>403,037</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	29,379	29,432
Other reserves and retained earnings	101,570	97,205
Net profit of the period	2,661	3,833
<b>Total shareholders' equity attributable to shareholders of the parent</b>	<b>133,610</b>	<b>130,470</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>2,823</b>	<b>3,003</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>136,433</b>	<b>133,473</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	68,641	62,484
Deferred tax liabilities	2,743	2,870
Employee benefits	8,015	8,055
Provisions for risks and charges	6,737	6,386
Other financial liabilities	460	851
<b>Total non-current liabilities</b>	<b>86,596</b>	<b>80,646</b>
<b>Current liabilities</b>		
Due to banks and other lenders	74,948	81,760
Trade payables	84,909	85,077
Current tax liabilities	263	26
Employee benefits	-	-
Other financial liabilities	413	13
Provisions for risks and charges	2,029	2,097
Other liabilities	20,552	19,945
<b>Total current liabilities</b>	<b>183,114</b>	<b>188,918</b>
<b>TOTAL LIABILITIES</b>	<b>269,710</b>	<b>269,564</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>406,143</b>	<b>403,037</b>



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## CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	30 June 2023	30 June 2022
<b>Revenues from sales</b>	<b>143,846</b>	<b>134,042</b>
Other income	4,760	2,868
Raw materials and consumables	(14,028)	(14,731)
Costs for services	(50,759)	(46,777)
Personnel expenses	(46,806)	(45,257)
Other costs	(898)	(670)
Depreciation/amortization and provisions	(28,752)	(28,282)
<b>Operating profit (loss)</b>	<b>7,363</b>	<b>1,193</b>
Financial income	570	1,457
Financial expenses	(5,240)	(2,339)
Income/(Expense) from equity investments	356	252
Revaluation/impairment of equity-accounted investments	(134)	1,619
<b>Profit (Loss) before taxes</b>	<b>2,915</b>	<b>2,182</b>
Income taxes	(33)	(237)
<b>Profit (Loss) of the period</b>	<b>2,882</b>	<b>1,945</b>
of which: Share pertaining to the Shareholders of the Parent Company	2,661	2,207
Share pertaining to the minority shareholders	221	(262)
<b>Base earnings/(losses) per share (Euro per share)</b>	<b>0,09</b>	<b>0,07</b>
<b>Diluted earnings/(losses) per share (Euro per share)</b>	<b>0,09</b>	<b>0,07</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of Euros)</i>	30 June 2023	30 June 2022
<b>Profit (Loss) of the period</b>	<b>2,882</b>	<b>1,945</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	(676)	4,184
Portion of comprehensive income of the investments measured using the equity method	(84)	1,695
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(760)</b>	<b>5,879</b>
<b>Total comprehensive income for the period</b>	<b>2,122</b>	<b>7,824</b>
of which: Attributable to shareholders of the parent	2,705	8,253
Attributable to non-controlling interests	(583)	(429)

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## CONSOLIDATED STATEMENT OF CASHFLOW

<i>(thousands of Euros)</i>	as at 30 June 2023	as at 30 June 2022
<i>Generated (absorbed) cash flow from operating activities</i>		
Profit (loss) before taxes	2,915	2,182
Current taxes payment	(41)	(202)
Depreciation	28,302	28,324
Impairment and provisions	450	(42)
(Gain)/losses on equity investments	(222)	(1,871)
Capital gains/(losses) from divestment	(238)	(692)
Interest and expense income	4,669	882
Received interest incomes	401	369
Paid interest expenses	(4,249)	(1,382)
Paid interest on lease liabilities	(943)	(933)
Provisions for employee benefits	420	314
	<b>31,464</b>	<b>26,949</b>
(Increase)/Decrease in inventories	(51)	137
(Increase)/Decrease in trade receivables	(12,002)	(5,582)
Increase/(Decrease) in trade payables	1,621	9,676
Increase/(Decrease) in other assets and liabilities	841	(1,279)
Settlement of employee benefits	(416)	42
<b>Generated (Absorbed) cash flow from operating activities</b>	<b>21,457</b>	<b>29,943</b>
<i>Generated (Absorbed) cashflow net of investing activities in:</i>		
Intangible assets	(238)	(179)
Property, plant and equipment	(24,602)	(26,154)
Dividends received	37	342
(Acquisitions)/Disposals	-	-
Equity investments	(306)	-
<b>Generated (Absorbed) cashflow net of investment activities</b>	<b>(25,109)</b>	<b>(25,991)</b>
<i>Generated (Absorbed) cashflow from investment activities in:</i>		
Financial receivables	(365)	(2,255)
Dividends paid	(12)	-
(Purchase)/Sale of treasury shares	(71)	(468)
Share capital increase (minority shareholders)	-	-
Short-term liabilities due to banks and other lenders	(4,607)	11,676
Long-term liabilities due to banks and other lenders	3,815	(10,734)
Reimbursement of leasing liabilities	(1,888)	(1,767)
<b>Generated (Absorbed) cashflow from financing activities</b>	<b>(3,128)</b>	<b>(3,548)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(6,780)</b>	<b>404</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>18,165</b>	<b>3,217</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(3)</b>	<b>(237)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11,388</b>	<b>3,858</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(6,780)</b>	<b>404</b>

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**CONSOLIDATED NET FINANCIAL DEBT**

<i>(thousands of Euros)</i>	as at 30 June 2023	as at 31 December 2022	as at 30 June 2022
Cash and cash equivalent in hand	29	24	25
Cash at bank	11,359	18,141	3,833
<b>Cash and cash equivalents</b>	<b>11,388</b>	<b>18,165</b>	<b>3,858</b>
Current financial receivables	7,149	7,080	9,390
Current liabilities to banks and other lenders	(74,948)	(81,760)	(85,446)
<i>of which financial liabilities for IFRS 16</i>	<i>(3,684)</i>	<i>(3,360)</i>	<i>(3,346)</i>
<b>Current net financial debt</b>	<b>(67,799)</b>	<b>(74,680)</b>	<b>(76,056)</b>
Non-current liabilities to banks and other lenders	(68,641)	(62,484)	(48,248)
<i>of which financial liabilities for IFRS 16</i>	<i>(28,061)</i>	<i>(27,222)</i>	<i>(27,339)</i>
<b>Non-current net financial debt</b>	<b>(68,641)</b>	<b>(62,484)</b>	<b>(48,248)</b>
<b>Net financial debt</b>	<b>(125,052)</b>	<b>(118,999)</b>	<b>(120,446)</b>

Fine Comunicato n.0868-51

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