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Oggetto : The Board of Directors of Servizi Italia
approves the interim management report
as at 30 September 2023

Testo del comunicato

Vedi allegato.



PRESS RELEASE

14 November 2023

The Board of Directors of Servizi Italia approves the interim management report as at 30 September 2023

- Consolidated **Revenues** equal to **Euro 215.0 million** (Euro 202.5 mln in the first nine months of 2022)
- Consolidated **EBITDA** equal to **Euro 55.0 million** (Euro 45.7 mln in the first nine months of 2022)
- Consolidated **EBIT** equal to **Euro 12.5 million** (Euro 3.2 mln in the first nine months of 2022)
- Consolidated **Net Income** equal to **Euro 5.8 million** (Euro 3.8 mln in the first nine months of 2022)
- **Net financial position** equal to **Euro 122.1 million** (Euro 119.0 mln as at 31 December 2022)

Castellina di Soragna (PR), Italy, 14 November 2023

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 2023.

CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2023

During the first nine months of 2023, **consolidated revenues** of the Servizi Italia Group amounted to **Euro 215,0 million**, up by 6.2% (7.8% at constant exchange rates) compared to the same period of 2022.

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

- Revenues from **wash-hire services**, which represent 75.6% 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 162.6 million**, recording an increase of 5.6% (or 7.8% at constant exchange rates), supported both by robust growth in wash-hire in Italy (+4.5%) and by a rapid recovery deriving from the price adjustment in the Turkey area (+26.8%, or +103.8% at constant exchange rates). The Italy area benefits from the excellent performance in terms of revenues for the growth related to the inflation adjustments accrued and subscribed in the course of 2022 and during the first nine months of 2023.
- Revenues from **textile sterilization** ("Steril B"), which represent 6.4% 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 13.6 million in the first nine months of 2022 to **Euro 13.8 million**, with an increase of 1.5% due in part to greater disposable supplies in central Italy and in part to the increase in volumes of reusable technical textile (TTR) processed in the north-east of Italy.
- Revenues from **surgical instruments sterilization** services ("Steril C"), which in absolute terms represent 18.0% of the Group's revenues and includes all activities related to the rental, sterilization, collection and reconditioning of surgical instruments, pass from Euro 34.9 million in 2022 to **Euro 38.6 million** in 2023, with an increase of 10.7% equal to Euro 3.7 million mainly due

PRESS RELEASE

14 November 2023

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 during the first nine months of 2023.

For what concerns geographical distribution, **revenues generated from foreign markets** amounted to **Euro 29.9 million** (of which Euro 24.0 million relating to Brazil and Euro 5.9 million relating to Turkey), covering the 13.9% of revenues in the first nine months of 2023 (13.4% in the same period of the previous year). Revenues in the Brazil area also showed a positive change in the period of 7.3%, i.e. organic growth of 6.5% and an increase of 0.8% driven by the appreciation of the Brazilian Real against the Euro.

Consolidated EBITDA went from Euro 45.7 million in the first nine months of 2022 to **Euro 55.0 million** in the same period of 2023, with an EBITDA margin growing by 300 bps, from 22.6% to 25.6% of revenues or an increase in absolute value of 20.3%. The first nine 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 concomitant effect of the inflationary adjustments on contractual prices and the benefit of the tax credit in the Italy area of Euro 2.0 million. It should also be noted that the accrual of the aforementioned receivable was terminated on 1 July 2023. The first nine months of 2023 also saw a substantial improvement both in absolute value and in terms of incidence on revenues from the main energy sources such as gas (Euro -0.8 million or -0.6% relative incidence) and electricity (Euro -0.1 million or -0.2% relative incidence). Also to be noted is a decrease of 1.3% in the incidence of raw materials costs, driven primarily by the lower marketing of single-use material and a decrease in costs incurred for packaging using plastic materials. Personnel costs decreased as a percentage of turnover (-1.0%) compared to the previous period, although they increased in absolute terms (+2.9%) as a result of the increase in volumes processed. During the period, operating margins grew strongly in the Turkey area (EBITDA margin going from -5.2% to 26.5%), mainly due to the inflation adjustment of contractual prices and a slow but progressive reduction in operating costs, primarily for energy, while there was a contraction in margins in the Brazil area (EBITDA margin falling from 26.4% to 23.7%) partly due to the continued upward trend in material and energy costs and the start-up phase of the sterilisation plant in Sao Paolo.

Consolidated operating result (EBIT) went from Euro 3.2 million during the first nine months of 2022 (1.6% compared to the turnover for the period) to **Euro 12.5 million** during the same period in 2023 (5.8% 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 (-1.2%).

Financial management showed a marked increase of Euro 5.2 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 1.0 million mainly referring to the depreciation of the Turkish Lira against the Euro and financial charges of Euro 0.6 million connected with the adjustment of non-monetary elements of Turkish companies following the application of accounting standard IAS 29. The capital loss realised on the sale of the equity investment in Sanitary Cleaning Sh.pk. of Euro 1.4 million should also be noted.

PRESS RELEASE

14 November 2023

The interim consolidated financial statements as at 30 September 2023 therefore close with a **net profit of Euro 5.8 million**, compared to a net profit of Euro 3.8 million in the same period of the previous year.

Net financial debt as at 30 September 2023 is equal to **Euro 122.1 million**, compared to Euro 119.0 million as at 31 December 2022.

SIGNIFICANT EVENTS DURING THE PERIOD

On 28 March 2023, the first sterilisation 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 sterilisation plant capable of processing instruments for around 28,000 surgeries/year and over 50,000 interventions for the operating theatre textile sterilisation 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 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.

On 5 July 2023, Servizi Italia S.p.A. signed a preliminary agreement with the shareholders holding the remaining shares of the company Sanitary Cleaning Sh.p.k. concerning the sale of 40% of the company shares held by the Parent Company. On 31 July 2023, all the suspensive clauses underlying the successful outcome of the transaction were verified and complied with. The sale took place in September. The price recognised for the sale of the shares is equal to Euro 100 thousand. The equity investment, conditional on the development of the industrial laundry market in the Albanian territory, is, considering future strategic scenarios, off-target as of today. Therefore, with a view to efficient resource management, the sale and disposal of the investment was assessed as the best option.

On 17 July 2023, Servizi Italia S.p.A. acquired, for a price of Euro 440 thousand, a 33.0% equity investment in the company Tecnoconsulting S.r.l., based in Scandicci (FI) and active in the integrated design of industrial, civil and hospital works. The company, which recorded revenues of Euro 539



PRESS RELEASE

14 November 2023

thousand in financial year 2022, is able to offer a comprehensive assistance service in all phases of design, work management and safety coordination. The company's most specialised activity is hospital design with experience gained through more than 10 years of experience in the design of sterilisation centres, centralised industrial laundries, clean rooms, operating theatres and laboratories. For some time now, the Servizi Italia Group has maintained and still maintains a profitable relationship that recognises and certifies the quality of the service offered by the company. The transaction therefore has a strategic value that stems primarily from organisational consolidation, knowledge integration and future technical and design synergies.

On 25 July 2023, Servizi Italia S.p.A. was admitted to the "Made Green in Italy" scheme of the Ministry of the Environment and Energy Safety and obtained the release of the MGI logo for the linen washing and linens rental service. The scheme is managed by the Ministry of the Environment and Energy Safety (MASE) and is based on the European PEF (*Product Environmental Footprint*) methodology, which offers an assessment of the environmental footprint of products and services through the analysis of their life cycle (LCA). The objective is the enhancement on the market of Italian goods and services with high environmental performance (the quantification of which is scientifically reliable) and aims to achieve consumer recognition of its products through the use of its logo, so as to encourage more informed choices. By obtaining the "Made Green in Italy" logo, Servizi Italia continues on its concrete path of sustainability. The study and assessment of the environmental footprint of services is fundamental for the Group, which can thus focus its actions to mitigate and reduce its environmental impact in those production chain areas that are most sensitive.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On 10 October 2023, Servizi Italia S.p.A. signed a preliminary contract (signing) with STERIS S.p.A., for the acquisition of a business unit dedicated to decontamination and sterilisation services. STERIS S.p.A. is an Italian company indirectly controlled by STERIS ("STERIS Corp."), a global leader in products and services that support patient care with particular attention to infection prevention. The transaction has an important strategic value and will allow the Parent Company to further consolidate its leadership in surgical instrument sterilisation services in Italy, acquire and integrate a production structure and human capital to strengthen and boost the efficiency of the structure already dedicated to the surgical sterilisation segment and the validation of sterilisation processes. The price of the transaction, which is estimated to take effect by December 2023, was defined on a preliminary basis between the parties as Euro 2,700 thousand.

On 9 November 2023, Cometa S.r.l., a wholly owned subsidiary of the controlling shareholder Aurum S.p.A. (in turn a wholly owned subsidiary of Coopservice Soc. coop. p.A.) notified pursuant to Article 102, paragraph 1, of Legislative Decree No. 58, as subsequently amended and supplemented ("TUF"), and Article 37 of the Regulations adopted by CONSOB with resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented ("Issuers' Regulations"), the decision to promote a public acquisition offer on the ordinary shares of Servizi Italia S.p.A, minus the ordinary shares held by the parent company Aurum S.p.A. (amounting to 17,601,424 ordinary shares representing approximately



PRESS RELEASE

14 November 2023

55.334% of the share capital) and the treasury shares held by the Company (amounting to 2,507,752 ordinary shares representing approximately 7.884% of the share capital), aimed at obtaining the delisting of the Company's shares from Euronext Milan, a regulated market organized and managed by Borsa Italiana S.p.A. The Company, on the same date, consequently proceeded to announce the suspension until the end of the acceptance period of the public acquisition offer on the Company's shares promoted by the bidder Cometa S.r.l. of the share buyback program coordinated by the intermediary INTERMONTE SIM S.p.A., approved by the Company's Board of Directors on April 20, 2023 in compliance with the authorization of the Shareholders' Meeting received on the same date, pursuant to the relevant contract signed with the intermediary.

BUSINESS OUTLOOK

The results obtained by the Group as at 30 September 2023 confirm the robustness of the performances already recorded during the first six months. The factors behind the sound results 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 unstable geopolitical context and the possible repercussions connected with this remain difficult to interpret; however, the Group's business to date has only been indirectly impacted by the related dynamics. As envisaged, the most interesting factor in the short term for the management of the Group remains the increase in the cost of money and the dynamics connected to the interest rates applied by the interbank system, a structural problem that is carefully monitored to adopt measures aimed at curbing the inevitable incidence on the fundamental levers of the Group business. The management's medium-term strategy, albeit amidst the uncertainty of a situation deriving from the instability of energy and raw material costs that is expected to continue during the final period of 2023, envisages an organic consolidation of its leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiencies. The Group will continue to operate to reach its objectives and comply with commitments under taken 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 2023 will be available to the public today at Company's registered office, on Company website ir.servizitaliagroup.com, as well as on the authorized storage mechanism eMarket Storage at www.emarketstorage.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.



PRESS RELEASE

14 November 2023

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.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.

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In attachment:

- Consolidated statement of financial position as at 30 September 2023
- Consolidated income statement as at 30 September 2023
- Consolidated statement of comprehensive income as at 30 September 2023
- Consolidated net financial position as at 30 September 2023

It should be noted that the Interim Management Report as at 30 September 2023 is not subject to audit review.

PRESS RELEASE

14 November 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <i>(thousands of Euros)</i> | 30 September 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 165,715 | 164,779 |
| Intangible assets | 3,231 | 3,783 |
| Goodwill | 61,778 | 62,394 |
| Equity-accounted investments | 32,945 | 33,067 |
| Equity investments in other companies | 2,938 | 3,113 |
| Financial receivables | 5,934 | 5,503 |
| Deferred tax assets | 12,245 | 11,309 |
| Other assets | 2,597 | 2,954 |
| Total non-current assets | 287,383 | 286,902 |
| Current assets | | |
| Inventories | 8,788 | 8,553 |
| Trade receivables | 79,014 | 67,519 |
| Current tax receivables | 2,034 | 2,086 |
| Financial receivables | 8,984 | 7,080 |
| Other assets | 9,265 | 12,732 |
| Cash and cash equivalents | 4,165 | 18,165 |
| Total current assets | 112,250 | 116,135 |
| TOTAL ASSETS | 399,633 | 403,037 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Group shareholders' equity | | |
| Share capital | 29,317 | 29,432 |
| Other reserves and retained earnings | 102,043 | 97,205 |
| Profit (loss) for the period | 5,607 | 3,833 |
| Total shareholders' equity attributable to shareholders of the parent company | 136,967 | 130,470 |
| Total shareholders' equity attributable to non-controlling interests | 3,317 | 3,003 |
| TOTAL SHAREHOLDERS' EQUITY | 140,284 | 133,473 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Due to banks and other lenders | 63,531 | 62,484 |
| Deferred tax liabilities | 2,973 | 2,870 |
| Employee benefits | 7,992 | 8,055 |
| Provisions for risks and charges | 6,965 | 6,386 |
| Other financial liabilities | 463 | 851 |
| Total non-current liabilities | 81,924 | 80,646 |
| Current liabilities | | |
| Due to banks and other lenders | 71,737 | 81,760 |
| Trade payables | 81,448 | 85,077 |
| Current tax payables | 503 | 26 |
| Employee benefits | - | - |
| Other financial liabilities | 415 | 13 |
| Provisions for risks and charges | 1,958 | 2,097 |
| Other payables | 21,364 | 19,945 |
| Total current liabilities | 177,425 | 188,918 |
| TOTAL LIABILITIES | 259,349 | 269,564 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 399,633 | 403,037 |

PRESS RELEASE

14 November 2023

CONSOLIDATED INCOME STATEMENT

| <i>(thousands of Euros)</i> | 30 September 2023 | 30 September 2022 |
|--|----------------------|----------------------|
| Sales revenues | 215,047 | 202,533 |
| Other income | 5,790 | 5,753 |
| Raw materials and consumables | (20,604) | (21,999) |
| Costs for services | (74,314) | (71,812) |
| Personnel expense | (69,254) | (67,273) |
| Other costs | (1,669) | (1,505) |
| Depreciation/amortisation, impairment and provisions | (42,502) | (42,489) |
| Operating profit | 12,494 | 3,208 |
| Financial income | 886 | 1,718 |
| Financial expenses | (9,265) | (4,092) |
| Income/(expense) from equity investments | 358 | 362 |
| Revaluation/impairment of equity-accounted investments | 1,824 | 2,294 |
| Profit before tax | 6,297 | 3,490 |
| Current and deferred taxes | (529) | 303 |
| Profit (loss) for the period | 5,768 | 3,793 |
| of which: portion attributable to shareholders of the parent | 5,607 | 4,342 |
| Attributable to non-controlling interests | 161 | (549) |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>(thousands of Euros)</i> | 30 September 2023 | 30 September 2022 |
|---|----------------------|----------------------|
| Profit (loss) for the period | 5,768 | 3,793 |
| <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 | (1,121) | 5,017 |
| Portion of comprehensive income of the investments measured using the equity method | 65 | 2,389 |
| Income taxes on other comprehensive income | - | - |
| Total other comprehensive income after taxes | (1,056) | 7,406 |
| Total comprehensive income for the period | 4,712 | 11,199 |
| of which: portion attributable to shareholders of the parent | 5,403 | 11,952 |
| Attributable to non-controlling interests | (691) | (753) |

PRESS RELEASE

14 November 2023

CONSOLIDATED NET FINANCIAL POSITION

| <i>(thousands of Euros)</i> | 30 September 2023 | 31 December 2022 | 30 September 2022 |
|---|----------------------|---------------------|----------------------|
| Cash and cash equivalents in hand | 29 | 24 | 23 |
| Cash at bank | 4,136 | 18,141 | 3,405 |
| Cash and cash equivalents | 4,165 | 18,165 | 3,428 |
| Current financial receivables | 8,984 | 7,080 | 6,720 |
| Current due to banks and other lenders | (71,737) | (81,760) | (73,690) |
| <i>of which Financial liabilities under IFRS 16</i> | <i>(3,779)</i> | <i>(3,360)</i> | <i>(3,353)</i> |
| Current net financial debt | (62,753) | (74,680) | (66,970) |
| Non-current due to banks and other lenders | (63,531) | (62,484) | (62,548) |
| <i>of which Financial liabilities under IFRS 16</i> | <i>(27,075)</i> | <i>(27,222)</i> | <i>(27,298)</i> |
| Non-current net financial debt | (63,531) | (62,484) | (62,548) |
| Net financial debt | (122,119) | (118,999) | (126,090) |

Fine Comunicato n.0868-86

Numero di Pagine: 11