



Half-Year Financial Report

30 June 2021



**Servizi
Italia**

SERVIZI ITALIA S.P.A.
via San Pietro, 59/B - 43019 Castellina di Soragna (PR) - ITALY
Share Capital: Euro 31,809,451 fully paid-up
Tax Code and Register of Companies No.: 08531760158
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CORPORATE BODIES AND COMPANY INFORMATION

Board of Directors (in office until approval of the Separate Financial Statements as at 31 December 2023)

Name and Surname	Position
Roberto Olivi (*)	President
Ilaria Eugeniani (*)	Vice President
Michele Magagna (*)	Director
Umberto Zuliani	Director
Anna Maria Fellegara ⁽¹⁾	Independent Director
Benedetta Pinna ⁽¹⁾	Independent Director
Antonio Aristide Mastrangelo ⁽¹⁾⁽²⁾	Independent Director

(1) Member of the Corporate Governance and Related Parties Committee; (2) Lead Independent Director

(*) Members of the Executive Committee

Board of Statutory Auditors (in office until approval of the Separate Financial Statements as at 31 December 2022)

Name and Surname	Position
Roberto Cassader	President
Gianfranco Milanese	Statutory auditor
Elena Iotti	Statutory auditor*
Davide Barbieri	Alternate auditor

* In office until the Shareholders' Meeting following the one of 20-21 April 2021

Supervisory Body (in office until 2 February 2022)

Name and Surname	Position
Veronica Camellini	President
Laura Verzellesi	Member
Francesco Magrini	Member

Independent Auditors (in office until approval of the Separate Financial Statements as at 31 December 2023)

Deloitte & Touche S.p.A. - Via Tortona, 25 - 20144 Milan

Registered office and company information

Servizi Italia S.p.A. Via S. Pietro, 59/b - 43019 Castellina di Soragna (PR) - Italy

Tel. +390524598511, Fax +390524598232, website: www.servizitaliagroup.com;

Share Capital: Euro 31,809,451 fully paid-up

Tax Code and Parma Register of Companies no.: 08531760158; Certified Email: si-servizitalia@postacert.cedacri.it

Founded: 1986

Stock market listing: Borsa Italiana S.p.A MTA, electronic stock market, STAR segment

Ordinary Share ISIN: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI

LEI Code: 815600C8F6D5ACBA9F86

Investor Relations

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GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (PR), listed in the STAR segment of the Borsa Italiana S.p.A. MTA stock exchange, is the leading Italian operator in the supply of integrated services for the wash-hire and sterilisation of textile materials and surgical instruments for hospital facilities. With a technologically advanced production platform broken down into laundering facilities, linen sterilisation centres, surgical instrument sterilisation centres and numerous wardrobes, the Company and its Italian and overseas subsidiaries forming the Servizi Italia Group, mainly provide a broad and diversified range of services for public and private healthcare facilities in central and northern Italy, in the state of São Paulo in Brazil, in Turkey, India, Albania and Morocco.

As at 30 June 2021, the Servizi Italia Group included the following Companies:

Company Name Parent Company and Subsidiaries	Registered Office	Share Capital	Interest of equity investments
Servizi Italia S.p.A.	Castellina di Soragna (Parma) - Italy	EUR 31,809,451	Parent Company
Ekolav S.r.l.	Lastra a Signa (FI) - Italy	EUR 100,000	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR 10,000	90%
Steritek S.p.A.	Malagnino (CR) - Italy	EUR 134,500	70%
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR 10,000	60%
SRI Empreendimentos e Participações L.t.d.a.	City of São Paulo, State of São Paulo - Brazil	BRL 210,827,982	100%
Lavsim Higienização Têxtil S.A.	São Roque, São Paulo - Brazil	BRL 27,430,000	100% ^(*)
Maxlav Lavanderia Especializada S.A.	Jaguariúna, São Paulo - Brazil	BRL 2,825,060	100% ^(*)
Vida Lavanderias Especializada S.A.	São Roque, São Paulo - Brazil	BRL 3,600,000	100% ^(*)
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, State of São Paulo - Brazil	BRL 15,400,000	100% ^(*)
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	Ankara - Turkey	TRY 20,000,000	55%
Ergülteks Temizlik Tekstil Ltd. Sti.	Smirne - Turkey	TRY 1,700,000	57.5% ^(**)

^(*) Held through SRI Empreendimentos e Participações Ltda

^(**) Held through Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

The associates and joint ventures companies, measured using the equity method in the consolidated financial statements, are listed below:

Company Name Associates and Jointly-Controlled Companies	Registered Office	Share Capital	Interest of equity investments
Shubhram Hospital Solutions Private Ltd.	Nuova Delhi - India	INR 362,219,020	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD 122,000	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY 17,767,000	51%
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR 10,000	50%
PSIS S.r.l.	Padova - Italy	EUR 10,000,000	50%
Steril Piemonte S.c.r.l.	Torino - Italy	EUR 4,000,000	50%
AMG S.r.l.	Busca (CN) - Italy	EUR 100,000	50%
Finanza & Progetti S.p.A.	Vicenza - Italy	EUR 550,000	50%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK 2,798,800	40%
Iniziativa Produttive Piemontesi S.r.l.	Torino - Italy	EUR 2,500,000	37,63%
Piemonte Servizi Sanitari S.c.r.l.	Torino - Italy	EUR 10,000	30% ^(*)
Saniservice Sh.p.k.	Tirana - Albania	LEK 2,745,600	30%
StirApp S.r.l.	Modena - Italy	EUR 208,124	25%
Brixia S.r.l.	Milano - Italy	EUR 10,000	23%

^(*) to which is added the indirect shareholding through Iniziativa Produttive Piemontesi S.r.l. of 15.05%.

INTERIM REPORT

This Half-Year consolidated financial statements as at 30 June 2021 has been drafted according to the *International Financial Reporting Standards* (hereinafter “IFRS” or “International Accounting Standards”) approved by the European Commission, in force as at 30 June 2021, pursuant to Article 154-ter of Legislative Decree no. 58 of 24 February 1998 and in compliance with CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments.

This Half-Year Financial Report includes the half-year condensed consolidated financial statements as at 30 June 2021 drafted in compliance with the International Accounting Standard on interim financial reporting, IAS 34, as approved by EC Regulation No. 1606/2002. In order to also allow for a better evaluation of the economic and financial performance, the following summary tables show some “Alternative performance indicators” which are not provided by the IFRS accounting standards. The footnotes of said tables indicate the calculation method used and composition of these ratios, in line with the guidelines of the *European Securities and Market Authority* (ESMA).

Main consolidated income statement figures

The table below presents a comparison of the main consolidated income statement figures as at 30 June 2021 with the results as at 30 June 2020 (in thousands of Euros):

(thousands of Euros)	30 June 2021	30 June 2020	Change	Change %
Revenues	125,109	117,943	7,166	6.1%
Ebitda ^(a)	33,454	27,466	5,988	
<i>Ebitda %</i>	26.7%	23.3%		3.4%
Operating profit (Ebit)	6,276	233	6,043	
<i>Operating profit (Ebit)%</i>	5.0%	0.2%		4.8%
Net Income	4,373	(214)	4,587	
<i>Net Income %</i>	3.5%	-0.2%		3.7%

^(a) The Company management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

Main consolidated statement of financial position figures

The table below presents a comparison of the main consolidated statement of financial position figures as at 30 June 2021 with the figures as at 31 December 2020 (in thousands of Euro):

(thousands of Euros)	30 June 2021	31 December 2020	Change	Change %
Net operating working capital (a)	1,190	(5,964)	7,154	-120.0%
Other current assets/liabilities (b)	(6,567)	(11,446)	4,879	-42.6%
Net working capital	(5,377)	(17,410)	12,033	-69.1%
Non-current assets – Medium/Long term provisions	264,814	265,603	(789)	-0.3%
<i>of which right of use for IFRS 16</i>	30,831	31,717	(886)	-2.8%
Net Invested capital	259,437	248,193	11,244	4.5%
Shareholders' equity (B)	123,658	118,586	5,072	4.3%
Net financial debt (d) (A)	135,779	129,607	6,172	4.8%
<i>of which financial liabilities for IFRS 16</i>	31,915	32,943	(1,028)	-3.1%
Net Invested capital (c)	259,437	248,193	11,244	4.5%
Gearing [A/(A+B)]	52.3%	52.2%		
Debt/Equity (A/B)	109.8%	109.3%		

(a) Net operating working capital is not an accounting measurement under the IFRSs endorsed by the European Union. The Company management has defined net operating working capital as the algebraic sum of inventories, trade receivables and trade payables.

- (b) Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.
- (c) The Company management has defined net invested capital as the sum of Shareholders' equity and net financial debt.
- (d) The management has defined net financial debt as the sum of amounts Due to banks and other lenders net of Cash and cash equivalents and Current financial receivables.

Main consolidated cashflow figures

The table below presents a comparison between the main consolidated cash flow figure as at 30 June 2021 and as at 30 June 2020 (in thousands of Euros):

(thousands of Euros)	30 June 2021	30 June 2020	Change
Cash flow generated (absorbed) by operations	16,025	24,234	(8,209)
Net cash flow generated (absorbed) by investments activities	(24,634)	(27,272)	2,638
Net cash flow generated (absorbed) by financing activities	7,188	1,384	5,804
Increase/(decrease) in cash and cash equivalents	(1,421)	(1,654)	233
Opening cash and cash equivalents	4,441	7,141	(2,700)
Effect of exchange rate fluctuations	(10)	1,486	(1,496)
Closing cash and cash equivalents	3,030	4,001	(971)

Company Information and Business performance

As regards the business performance, in the first half of 2021, the Servizi Italia Group recorded a consolidated turnover equal to Euro 125,109 thousand, up by 6.1% (9.2% at constant exchange rates) compared to the first half of 2020. In addition, there was a growth of 17.1% in consolidated turnover (19.1% at constant exchange rates) compared to the second quarter of 2020.

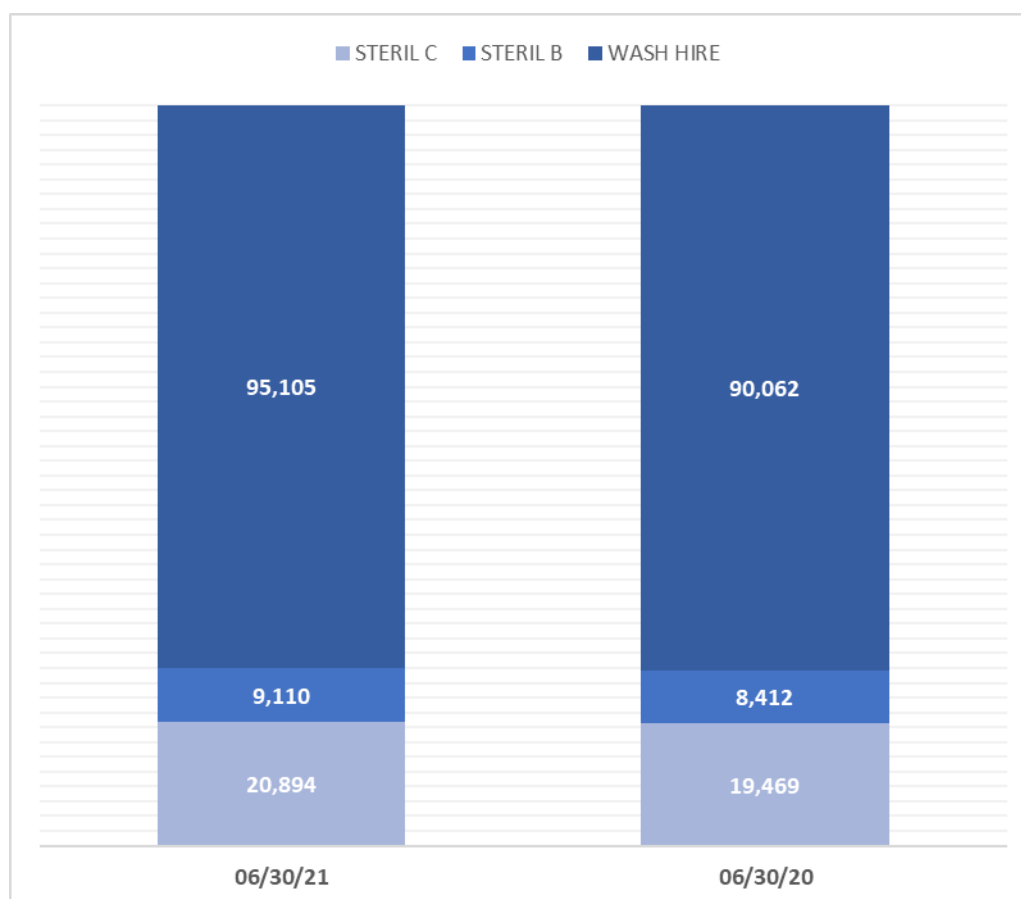
Please note the following as regards revenue from sales and services in the first half of 2021 and 2020:

- Revenues from wash-hire services, which in absolute terms represent 76.0% of the Group's revenues, passed from Euro 90,062 thousand in the first six months of 2020 to Euro 95,105 thousand in the first half of 2021, sustained by the excellent organic growth registered in Brazil and Turkey (however offset by a negative exchange rate variation). In Italy, there was a significant growth in revenues (+7.5%) mainly sustained by the new tenders in the north-eastern area and only partially mitigated by the drop in hotel and catering sector for most of the first half of 2021 compared to the first half of 2020; net of the drop in the hotel sector, growth in the Italian wash-hire sector is 9.0%. In addition to that, in Italy, it is worth to underline that approx. Euro 424 thousand are related to Covid refunds obtained following ANAC resolution no. 540 of 1 July 2020. Revenues in Brazil posted double-digit organic growth in local currency (+16.4%), offset by a negative exchange rate translation effect of 19.4% (depreciation of the Brazilian real against the Euro), resulting in a negative change of 3.0% for the period. Revenues in Turkey also recorded an excellent organic growth for the period of 29.9%, offset by a negative exchange rate effect of 32.4% (depreciation of the Turkish lira against the Euro) leading to a negative change in sales of 2.5%.
- Revenues from textile sterilization (steril B), which in absolute terms represent 7.3% of the Group's revenues, pass from Euro 8,412 thousand in the first six months of 2020 to Euro 9,110 thousand in the first semester of 2021, up by 8.3% as result of the supply of specific linen for the prevention of Covid-19 infection in use at certain hospitals in Italy, as well as the

resumption of surgical activities at the hospitals compared to the same period of the previous year.

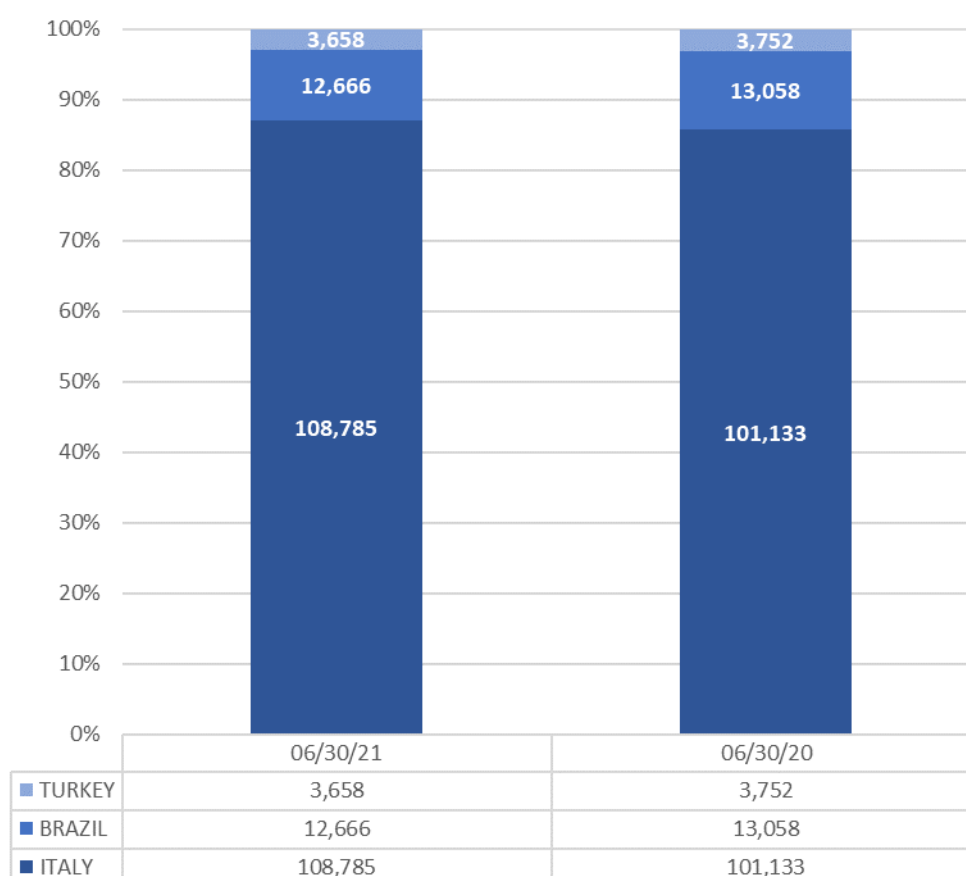
- Revenues from surgical instruments sterilization services (steril C), which in absolute terms represent 16.7% of the Group's revenues, pass from Euro 19,469 thousand in the first six months of 2020 to Euro 20,894 thousand in the first semester of 2021, up by 7.3% mainly due to some new orders in north-eastern Italy, as well as to the recovery in surgical operations compared to the previous period. In fact, it should be noted that the comparison period of the 2020 financial year recorded a severe downturn related to the impact of the pandemic crisis for most of the first half of the year (starting from March 2020). Revenues related to this business segment are still affected by the uncertainty in the planning of surgical operations and the availability of dedicated spaces related to the ongoing epidemic crisis.

The graph below shows the details of revenue by business line.



The table below shows revenues from sales and services of the Servizi Italia Group, broken down by geographical area, for the periods ending on 30 June 2021 and 2020:

(thousands of Euros)	30 June 2021	%	30 June 2020	%	Change %	Organic change %	Translation change %
Revenues - Italy	108,785	87.0%	101,133	85.7%	7.6%	7.6%	0.0%
Revenues - Turkey	3,658	2.9%	3,752	3.2%	-2.5%	29.9%	-32.4%
Revenues - Brazil	12,666	10.1%	13,058	11.1%	-3.0%	16.4%	-19.4%
Revenues from sales	125,109	100.0%	117,943	100.0%	6.1%	9.2%	-3.2%



Consolidated EBITDA increased from Euro 27,466 thousand in the first six months of 2020 to Euro 33,454 thousand in the first semester of 2021, rising from 23.3% to 26.7% of revenue (26.8% at constant exchange rates). The good performance of the index mainly comes from the recovery of the hospital business, which drove the turnover, leading to a higher absorption of fixed costs as well as to a better marginal balance in the production structure compared to the same period of 2020 and to premiums on certain strategic supplies, largely underlying the start of new orders in the north-east area. It should also be noted that during the period a capital gain of Euro 1.5 million was recognised on the sale of the workwear business unit. There was also a sharp drop in hotel sector margins, since – during the first four months of the period – it operated with a substantial lack of sales compared to the same period of the previous year. There was also a positive performance, particularly in the areas of Brazil and Turkey, and measures to contain operating and structural costs. Costs for services increased (+0.4%), particularly as a result of a change in logistics and production organisation for the management of laundry and wardrobe services related to the contingent emergency situation from Covid-19 and the new tenders launched in north-eastern Italy. Personnel costs decreased as a

percentage of turnover (-1.2%) compared to the previous period, due to greater absorption of structural staff, as well as a higher use of holidays, permits and wages guarantee funds (Italian acronym: CIG) for facing the epidemic emergency. The excellent results of operating margins at international level were confirmed in 2021, both in Brazil (EBITDA margin 31.0%) and Turkey (EBITDA margin 28.6%).

The operating result (**EBIT**) passed from Euro 233 thousand in the first half of 2020 (0.2% compared to turnover of the period) to Euro 6,276 thousand in the same period of 2021 (5.0% compared to the turnover of the period and 5.2% at constant exchange rates), as a result of the trends already described in the comments on the change in EBITDA.

Financial management shew a decrease in expenses compared to the same period of the previous year due to a significant decrease in exchange losses related to the lower depreciation of the Brazilian Real and the Turkish Lira against the Euro. It should also be noted that the results of the semester were positively affected by the revaluations of some companies valued according to the net equity method for a total of Euro 666 thousand.

Taxes for the period were negative for Euro 750 thousand, with an incidence on pre-tax profit of 14.6%, and mainly related to current taxes for the period.

The consolidated financial statements as at 30 June 2021 therefore close with a net profit of Euro 4,373 thousand, compared to a net loss of Euro 214 thousand in the same period of the previous year.

Transactions with parent companies and associates

Servizi Italia S.p.A.'s transactions with subsidiaries, associates, jointly controlled companies and parent companies mainly relate to: (i) dealings associated with commercial service agreements; (ii) financial dealings, represented by loans. These transactions are described in detail in the explanatory notes to the consolidated financial statements, paragraph 8.

It should also be noted that, following the Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments and additions, on 25 June 2021 the Board of Directors approved the new version of the Regulation for transactions with related parties, already adopted as of 24 November 2010 and published on Company's website.

Information on treasury shares and/or shareholdings in parent companies

On 20 April 2021, the Shareholders' Meeting renewed the authorization to purchase and dispose treasury shares, as proposed by the Board of Directors of Servizi Italia, after revoking the authorization dated 28 April 2020. The Board of Directors of Servizi Italia, in implementation of the resolution taken by the Shareholders' Meeting to authorize the purchase and disposal of treasury shares, has resolved to renew the buy-back program. Pursuant to article 144-bis of the Regulation adopted by Consob resolution no. 11971/99 ("Issuers' Regulation") and having regard to article 2 of the EU Delegated Regulation 2016/1052 and Consob guidelines, details on buy-back program are provided below.

Target of the program: the buy-back program – in accordance with the resolution adopted today by the Shareholders' Meeting of the Company – is aimed at creating a stock of treasury shares to be used, if necessary, for extraordinary transactions and/or in case of exchange and/or sale of equity investments and, at the same time, represents an opportunity for efficient investment of Company's liquidity.

Maximum quantity of shares to be purchased and maximum countervalue: the maximum quantity of treasury shares to be purchased executing the program, in compliance with the Shareholders' Meeting authorization of 20 April 2021, is equal to a maximum of 6,361,890 ordinary shares of the Company (corresponding to the fifth part of the share capital), taking into consideration the shares already held by the Company from time to time. The maximum amount of money allocated for the execution of the program is estimated to be no more than Euro 14.5 million. The purchase may be made in several installments, in accordance with the above-mentioned authorization of the Shareholders' Meeting.

Duration of the program: the duration of the program identified by the Board of Directors is 21 April 2021 - 20 October 2022, included. It is recalled that: (i) the authorization to purchase treasury shares approved by today's Shareholders' Meeting has a duration of 18 months from the date of the resolution and will expire on 20 October 2022; while (ii) the authorization to dispose of treasury shares, even before the purchases are exhausted, was given by the Shareholders' Meeting without time limits.

Purchase method: in compliance with the Shareholders' Meeting authorization of 20 April 2021, the purchase of treasury shares will be carried out, through the intermediary INTERMONTE SIM S.p.A., on the MTA (Telematic Stock Market) according to the operating methods and price conditions set by the provisions of articles 3 and 4, paragraph 2, letter b) of the EU Delegated Regulation 2016/1052, and in compliance with the principle of equal treatment of shareholders and the guidelines adopted by the Supervisory Authority. In particular, the purchase price of each share must be, as a minimum, not less than 20% and, as a maximum, not more than 20% of the weighted average of the official prices of the shares recorded by Borsa Italiana on the MTA in the 3 days prior to each purchase transaction, being understood that it may not be higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer on the MTA, in compliance with the Shareholders' resolution of 20 April 2021 and any applicable regulations (including European regulations). In addition, the shares purchased in each session may not exceed 25% of the average daily volume of Servizi Italia S.p.A. shares traded on the MTA, calculated on the basis of the average daily trading volume in the 20 trading days prior to the date of purchase.

As at 30 June 2021, following the transactions on the market regulated and managed by Borsa Italiana, the Company held n. 1,818,960 treasury shares, equal to 5.72% of the share capital.

On 2 August 2021, the Company announced that up to 30 July 2021, it had purchased on the regulated market managed by Borsa Italiana 1,843,158 treasury shares, equal to 5.79% of the share capital.

Significant events and transactions

On 3 February 2021, in line with the redistribution of volumes in order to achieve greater saturation of the production capacity of the sites in the north-west area, production activities at the plant located in Podenzano (PC, Italy) ceased.

On 26 February 2021, the Company announced that it had signed the closing relating to the sale to AlSCO Italia S.r.l. of the workwear business unit (the "Business Unit"), a preliminary disclosure to the

market at the time of signing on 28 January, 2021. The agreement took effect on 1 March 2021 and provides for:

- the sale by Servizi Italia to AlSCO Italia S.r.l. of the Business Unit that includes in particular the workwear sector customer portfolio, the Barbariga (BS) plant and related property, the contractual relationships with the workwear sector employees and related payables, plant, machinery, equipment and other operating assets relating to the workwear, workwear linen and textiles sector and the Business Unit's commercial goodwill;
- the start of a four-year non-compete agreement between the parties;
- the closure of Barbariga (BS) plant.

The payment of the price, defined on the basis of the valuation of the Business Unit's components, was equal to Euro 9.5 million.

In compliance with the actions provided in the sustainability plan contained in the Group's consolidated non-financial statement, on 22 March 2021 the Company obtained ISO 37001 certification, whose management system is aimed at facing and preventing possible cases of corruption and promoting an ethical corporate culture.

On 20 April 2021, the Ordinary Shareholders' Meeting:

- (i) approved the Parent Company's financial statements as at 31 December 2020 and the allocation of the result of the year;
- renewed the authorization to purchase and dispose treasury shares, according to what proposed by the Board of Directors, subject to revocation of the previous authorization (dated 20 April 2018) for anything not used as proposed by the Board of Directors. The resolution authorizes to purchase a maximum of 6,361,890 ordinary shares with a par value of Euro 1.00 each, corresponding to the fifth part of Company's share capital (taking into account the shares already held by the Company from time to time) for a period of 18 months from today's date, while the duration of the authorization relating to the disposal of treasury shares has no time limit;
- approved the remuneration policy of Servizi Italia S.p.A.;
- appointed the members of the Board of Directors, who will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2023, also determining their remuneration.

The main characteristics of the awarded contracts, which have an annual contract value of more than Euro 50 thousand, are provided below:

Customer	Description of service provided	Duration years	Contract value per year (Euro thousands)
Ospedale di Sassuolo S.p.A.*	Integrated wash-hire services	4	652
IRCSS Burlo Garofalo di Trieste*	Surgical instruments sterilization services	1	210
Azienda Ospedaliero Universitaria Careggi di Firenze*	Procurement service for procedural sets and non-woven textile	33 months	331
Azienda Ospedaliero Universitaria Meyer di Firenze*	Procurement service for procedural sets and non-woven textile	6	69

IRCSS Burlo Garofalo di Trieste*	Integrated wash-hire service	5	169
ALISA Azienda Ligure Sanitaria Regione Liguria*	Operation and maintenance service for electromedical and technical-scientific equipment	4	487
ASL Roma 6*	Integrated services related to surgical instruments sterilization, logistics and maintenance together with other reusable MD for O.T. and daily clinics, including supply, installation and maintenance of equipment and furniture for the CSSD.	4	343
Azienda Pubblica di Servizi alla Persona "Clementino Vannetti" - Rovereto (TN)**	Linen wash-hire service	1	57
Istituti Milanesi Martinitt e Stelling e Pio Albergo Trivulzio of Milan*	Wash-hire service for flat linen, garments, mattresses and guest clothes.	5	1,124
I.P.A.V. Istituzioni Pubbliche di Assistenza Veneziane*	Integrated wash-hire services for linen, internal logistics, wardrobe service.	5	404

* re-awarded

**new customer

No contract having annual value exceeding Euro 50,000 terminated in the first half of 2021.

Information about Covid-19

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 issues for medical and nursing staff, wards and in-patients designated for the treatment of infections caused by the Coronavirus. All the activities of the Group, operating in strict compliance with the relevant regulations, have been impacted by the evolution of the contingent epidemiological situation. It is important to underline that, although in a context of recovery from an operational and economic point of view, there are still some uncertainties in relation to the possible impact of the new variants that could affect both the evolution of the business and the needs of the stakeholders the Group is operating with.

In consideration of the fact that the services provided by the Group are to be considered essential, of primary necessity and of public utility and therefore defensive with respect to the ongoing epidemiological situation, the Group has carried out risk & project management and project control activities in order to: (i) avoid the spread of contagion and protect the health and safety of personnel and the environment, (ii) guarantee business continuity, (iii) mitigate the possible negative impact on economic results deriving from a decline in demand for certain types of services; (iv) have an up-to-date mapping of risks, related impacts and mitigation actions in the various areas of the company organization; (v) promptly launched the monitoring of the effects of the epidemic on its results and the related analyses, current and forecast, which are still in progress.

Significant events after the end of the half

No significant events reported.

Business outlook

The activities of the Group are affected by the general conditions of the economy and by the epidemiologic situation in the countries in which it operates. The Group has readjusted its governance strategy on the basis of the new medium-long term guidelines, integrating it with the new post-Covid-

19 business strategy, aligning objectives and targets to the new reference context. For the year 2021, a climate of uncertainty remains regarding the possible effects of both the worsening of the pandemic crisis and the government measures to contain the contagion and those to support the economy that in the meantime will be implemented in the countries where the Group is present.

In addition to what already described with regard to the effects of the Covid-19 viral epidemic, it is to note that the Italian market of industrial laundry facilities is undergoing a structural decline linked to a number of specific critical factors in the health services sector, such as the awarding of contracts with increasingly low bids, the effects of which have impacted the Parent Company, with the non-renewal of contracts in the portfolio and the awarding of contracts already in the portfolio at lower prices.

In this general context, despite continuing to forecast of an overall positive operating margin in the foreseeable future, management will be interested in the medium-term by a reduction in turnover in the domestic wash-hire sector and a reduction in operating margins which may, in part, be offset by the further growth of higher-margin sectors and objectives relating to the modification of the commercial and operating strategy, based on the market context of the countries in which the Group operates; the re-engineering and reorganization of the organizational model, thanks to the support of technologies and digitalisation of processes that allow the efficiency of operating and business support activities. The use of legal provisions and instruments for personnel management, in dialogue with the trade unions and workers' representatives at company level, will go on with the aim of seeking shared solutions to respond to the epidemiological and market situation.

Moreover, the Group as a whole will be able to benefit from the effects of the internationalisation strategy by consolidating the positive results obtained in the countries in which it operates, particularly in Brazil and Turkey.

The Group has a solid financial position, which will enable it to overcome the current crisis and the near future with a good financial balance, maintaining a good credit rating with banks.

In light of the above considerations, the Group remains confident of being able to effectively manage the effects of the ongoing epidemiological crisis together with future objectives.

Derivatives

As at 30 June 2021, the Group has no policies in place to manage derivative financial instruments. Some companies of which there is no exclusive control, and which are therefore not consolidated line-by-line, have subscribed financial derivatives to hedge the risk of interest rate fluctuations on project financing loans, having considered the significant size of the financial commitments undertaken and the duration of more than ten years. The economic and equity effects of these derivative instruments are incorporated in the valuations of the equity investments in the companies that hold them.

Risk management information

The Group has developed a model based on an integrated and adequate risk management and internal control system. All main risks arising from the “core business” were identified, measured and managed, using the process of analysis of the risks according to the principles of the *new COSO-ERM framework (Committee of Sponsoring Organization of the Treadway Commission) - (Enterprise Risk Management)*:

- Risk governance and risk culture;
- Strategy and definition of risk targets;
- Risk analysis;
- Risk information, communication and reporting;
- Monitoring of the performance of the risk model.

The model adopted by the Group is meant to ensure the Company's continuity and the adequacy of its processes, activities and services in terms of:

1. Business objectives:

- achievement of objectives set within company strategies;
- effective and efficient use of organisational resources.

2. Governance objectives:

- ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting;
- preservation of the company assets;
- compliance with laws, regulations, contracts and ethical and company standards;
- ethical and social responsibility.

The Board of Directors, through the Manager of the internal control and risk management system and the Head of Internal Audit, has implemented special processes to identify the responsibilities for the control of the risk, to ensure the soundness and the continuity of the business in the long term. It has therefore acquired an internal control system aimed at controlling and monitoring the risks related to the activities carried out. This control system has been reflected in the internal regulations of the Group and the different companies subject to the coordination and control (as, for example, the Model 231/01, Code of Conduct, Group Policy part of Servizi Italia compliance program).

The internal control system of the risks of the Servizi Italia Group is articulated on three levels:

1. **first level:** the operating units identify, assess, monitor, mitigate and report the risks deriving from the ordinary business activity, ensuring that operations are in line with the risk limits and targets assigned;
2. **second level:** the director in charge of the internal control system is responsible for the control of all categories of risk and must provide a clear representation to the Control and Risks Committee or to the Board of Directors of the risk profile of the Group and its soundness;
3. **third level:** the Internal Auditing function, which reports directly to the Board of Directors, assesses the suitability of the internal control system as a whole to ensure the effectiveness and efficiency of the processes, the safeguard of the assets of the company and the investors, the reliability and the integrity of the accounting and management data, the compliance with internal and external provisions and to the guidelines of the management.

For the performance of its activities, the Internal Auditing submits to the Board of Directors, a plan of the activities, which describes the audits planned in line with the risks associated to the activities aimed to the achievement of the business objectives.

The results of the activities carried out, every six months, are brought to the attention of the Board of Directors and the Board of Statutory Auditors, after review by the Control and Risks Committee; the

areas of concern recognized during the audit are, instead, promptly reported to the business units in charge of the implementation of improvement initiatives.

The Servizi Italia Group, aware of its mission and corporate policy, pursue the objective of monitoring correctly the risks identified in all activities, which is an essential condition to preserve the trust of the stakeholders and to ensure the sustainability of the business over time.

The risk management process is common to all control functions, in line with the reference best practice; the different categories of risk are defined within the Group Risk Policy, which is updated at least once a year. The Risk Policy represent the Risk Appetite Framework (below, also "RAF") of the Group, or, the key instrument with which the Board of Directors defines the propension to risk, the tolerance thresholds, the risk limits, the risk management policies and the framework of the corresponding organizational processes. The RAF, the Risk Policy and, therefore, the internal regulations on risk management also consider aspects related to the management of the risks of a social, environmental and economic nature (ESG), updated in order to include the aspects arising by the post Covid-19 framework, for which specific mitigation actions have been taken.

Information on proceedings in progress

Servizi Italia S.p.A. has proceedings in progress before the Court of Modena for the administrative liability of legal entities - pursuant to Italian Legislative Decree no. 231 of 2001 - for an alleged violation of Art. 319 of the Italian Criminal Code. This is deemed as an offence and was brought against two former directors (involved as executive bodies with spending power within Servizi Italia as of the date of the facts), concerning the awarding of a tender issued by AOU Policlinico di Modena for a nine-year "Global Service" contract, assigned through resolution of 19.12.2008 to the RTI (temporary joint consortium) established by Coopservice Soc.Coop.p.A., in its role of lead contractor, and by other companies (including Servizi Italia S.p.A., Padana Everest S.r.l. and Lavanderia Industriale ZBM S.p.A. , these two subsequently merged by incorporation into Servizi Italia S.p.A.) as principals. It should be noted that at the hearing of 16 February 2021, the Court of Modena ruled in favour of the Chairman Roberto Olivi and of Enea Righi and Luciano Facchini not to proceed with the extinction of the alleged offence due to limitation, consequently, as specified above, in relation to the predicate offences pursuant to Legislative Decree no. 231 of 2001, the proceedings will continue against the entities with the possibility of proceeding to a completed investigation, also in terms of the non-existence of the predicate offence already declared prescribed. It should be noted that to date the contracting authority has not revoked the contract, nor communicated its intention to evaluate the possible revocation of the same.

In January 2019, Servizi Italia was awarded, as principal, the RTI formed by Coopservice Soc. Coop.p.a., Servizi Italia S.p.A. and others, in relation to the contract for the assignment of the management of integrated support services to the person at the University Hospital of Bologna for a period of six years and for an annual value, limited to Servizi Italia's share, equal to approximately Euro 4 million. On 20 August 2020, the Council of State unexpectedly overturned the previous rulings of the Regional Administrative Court and of the Council of State which, by cancelling the request for suspension by the plaintiff, had allowed the Temporary Joint Venture of which Servizi Italia is a party to take over during the month of February 2020 in the provision of the service following the award. In view of this last ruling, the parent company, acting in the name and on behalf of the above mentioned Temporary Joint Venture, pursuant to art. 395 of the Code of Civil Procedure and to art. 106 of the Code of

Administrative Procedure, proposed an appeal for revocation before the Supreme Court of Cassation for lack of jurisdiction.

The Group, having carried out the necessary verifications and assessed, on the one hand, the soundness of its defensive arguments and, on the other, the uncertainty and unreliability of the current estimate of possible economic damage, has not yet decided to make provisions in the financial statements.

Risk Factors

The Group, in order to minimize different types of risks to which it is exposed, has adopted time scales and control methods, which allow the Company's management to monitor risks and to appropriately inform the Director in charge of the internal control system and (also through him) the Board of Directors.

Without prejudice to the principle of continuous monitoring and considering the characteristics of the Group's activities, a review of the risk assessment indicates that the Group has been able to achieve the desired mitigation of the primary operational, financial, strategic and compliance risks identified by taking the planned organizational and operating measures and implementing and documenting control points within company processes.

The activities of the Servizi Italia Group are exposed to various types of risks, including changes in interest rates, credit, liquidity and cash flow risks. In order to minimize these risks, the Group has adopted control methods and timescales that allow Management to monitor this risk and to instruct the Board of Directors so that it can express its approval of all transactions that the Group undertakes with third-party lenders.

Other information

Pursuant to Art. 3 of Consob Resolution No. 18079 dated 20 January 2012, Servizi Italia S.p.A. decided to join the out-put regime set forth in Art. 70, Par. 8 and Art. 71, Par. 1 bis, of Consob Regulation No. 11971/99 (as amended), availing itself of the right to derogate from the obligation to publish the disclosures as set forth in Annex 3B of the afore-mentioned Consob Regulation at the time of significant merges, spin-offs, share capital increases through contributions in kind, acquisitions and transfers.

With reference to the changes made to the regulatory framework in 2016, Servizi Italia S.p.A. publishes the additional periodical information, meeting the obligations specified for the issuers listed in the STAR segment in Art. 2.2.3, Par. 3, of the Regulations for the Markets organised and managed by Borsa Italiana S.p.A. and in the notice No. 7578 issued by Borsa Italiana on 21 April 2016.

Human resources and industrial relations

The Servizi Italia Group's total employees, including those of the consolidated companies, were as follows as at 30 June 2021:

Company	Executives	Middle managers	White-collar staff	Blue-collar staff	Total
Servizi Italia S.p.A.	13	28	171	1,720	1,932
Steritek S.p.A.	-	-	24	-	24
Wash Service S.r.l.	-	-	8	41	49
Ekolav S.r.l.	-	-	9	46	55
SRI Empreendimentos e Participações Ltd	-	-	1	-	1
Lavsim Higienização Têxtil S.A	1	7	50	449	507
Maxlav Lavanderia Especializada S.A.	2	1	20	470	493
Vida Lavanderias Especializada S.A.	-	1	-	12	13
Aqualav Serviços De Higienização Ltda	-	1	9	243	253
Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi	2	-	5	249	256
Ergülteks Temizlik Tekstil Ltd. Sti.	-	-	2	124	126
TOTAL	18	38	299	3,354	3,709

During the first half of 2021, the HR Department was mainly engaged in the implementation of the regulatory and organizational measures suitable to guarantee the continuation of production activities during the epidemiological emergency from Covid-19, in order to mitigate the possible negative effects on the provision of customer services and guaranteeing *business* continuity.

In particular, the activities carried out regarded:

- monitoring the evolution of regulations relating to travel bans, implementing suitable measures to prevent the spread of contagion;
- analysis of the impact of the emergency on resources and on the organization of work in order to assess changes in production levels and activate the tools required by legislation and collective bargaining to deal with them;
- the activation of social safety nets in production sites affected by a decrease in activities due to the epidemiological emergency from Covid-19.

In this context, the HR Department initiated discussions with the trade unions and the workers' representatives, with the aim of seeking shared solutions to respond to the market and to the epidemiological situation.

In addition, the Company has undertaken a path, which is still in progress, of financial rebalancing and reorganization in order to counter the negative economic effects of both the current market context and the ongoing pandemic.

Training and development

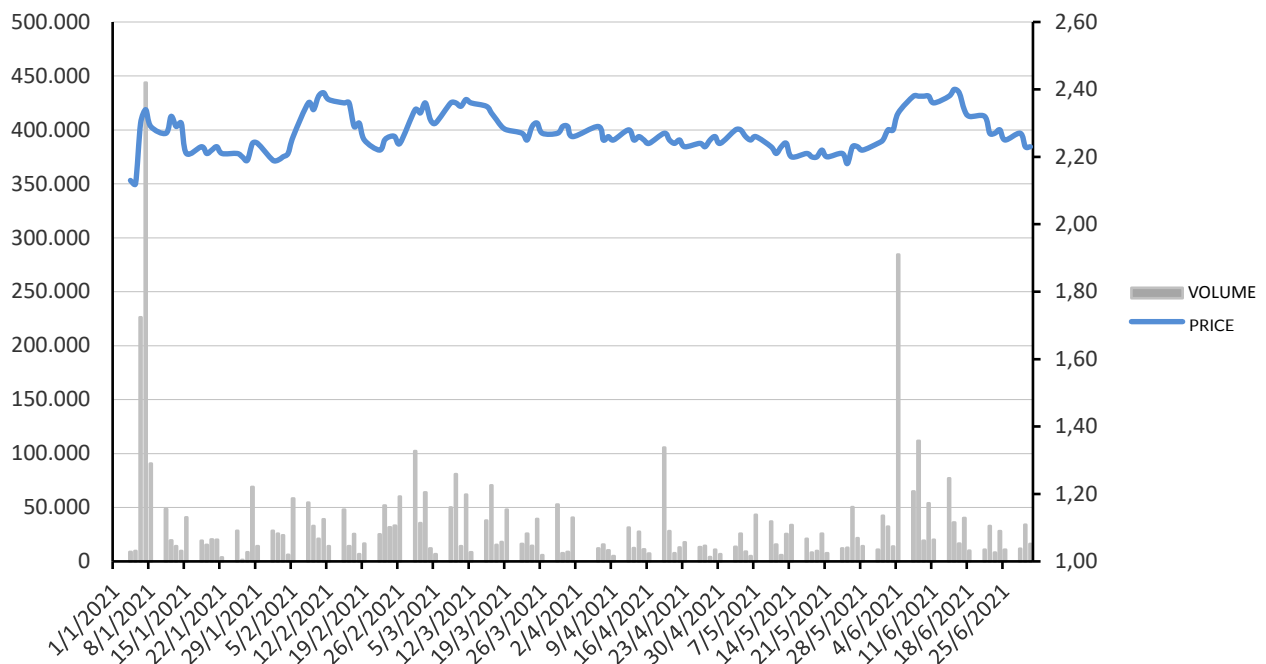
During the first semester 2021, the training activities scheduled by the annual training Plan focused on updating the knowledge of all personnel, supporting the professional growth of junior figures and strengthening the skills of those with roles of responsibility, with the awareness that training represents strategic leverage for company growth and development of new initiatives. In particular, training focused on the following areas: (i) management training specified in the individual development plans; (ii) professional technique and technical systems; (iii) health and safety on the workplace, also with reference to Covid-19 risks, environment and quality; (iv) certification systems and regulations in general.

Servizi Italia and the financial markets

The Company shares have been traded in the STAR segment of the Borsa Italiana S.p.A. screen-based stock market (MTA) since 22 June 2009. The main share and stock exchange data as at 30 June 2021 is disclosed below along with share volume and price trends:

(thousands of Euros)	30 June 2021
No. of shares making up the share capital	31,809,451
Price at IPO: 04 April 2007	8.50
Price as at 30 June 2021	2.32
Maximum price during the period	2.40
Minimum price during the period	2.12
Average price during the period	2.27
Volumes traded during the period	4,298,348
Average volumes during the period	34,114

Share volumes and prices as at 30 June 2021



During 2021, the Investor Relations Team attended the Virtual STAR Conference Spring Edition in Milan (23 March 2021) and the MidCap Conference 2021 (11 May 2021). Throughout the period, the team had several individual and group calls with analysts and investors.

The Group, in addition to the research study of the Specialist Intermonte SIM, has entrusted Midcap Partners (Appointed rep by Louis Capital Markets UK, LLP).

The Chairman of the Board of Directors
(Roberto Olivi)

HALF-YEAR CONDENSED FINANCIAL STATEMENTS OF THE SERVIZI ITALIA GROUP AS AT 30 JUNE 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	Notes	30 June 2021	<i>of which with related parties (Note 8)</i>	31 December 2020	<i>of which with related parties (Note 8)</i>
ASSETS					
Non-current assets					
Property, plant and equipment	6.1	169,361	21,686	168,821	22,632
Intangible assets	6.2	4,836	-	5,238	-
Goodwill	6.3	65,271	-	65,639	-
Equity-accounted investments	6.4	26,030	-	24,582	-
Equity investments in other companies		3,018	-	3,018	-
Financial receivables		3,539	2,027	5,663	4,158
Deferred tax assets	6.5	7,893	-	8,091	-
Other assets		3,718	-	4,342	-
Total non-current assets		283,666		285,394	
Current assets					
Inventories		8,930	-	7,996	-
Trade receivables	6.6	72,364	8,298	62,974	7,100
Current tax assets		1,892	-	2,019	-
Financial receivables		8,508	7,607	6,521	5,273
Other assets	6.7	11,654	-	9,752	-
Cash and cash equivalents		3,030	-	4,441	-
Total current assets		106,378		93,703	
TOTAL ASSETS		390,044		379,097	
SHAREHOLDERS' EQUITY AND LIABILITIES					
Group shareholders' equity					
Share capital		29,990	-	30,259	-
Other reserves and retained earnings		87,333	-	83,331	-
Net profit of the period		4,307	-	2,761	-
Total shareholders' equity attributable to shareholders of the parent		121,630		116,351	
Total shareholders' equity attributable to non-controlling interests		2,028		2,235	
TOTAL SHAREHOLDERS' EQUITY	6.8	123,658		118,586	
LIABILITIES					
Non-current liabilities					
Due to banks and other lenders	6.9	66,237	21,005	56,262	22,242
Deferred tax liabilities	6.10	2,221	-	2,500	-
Employee benefits	6.11	9,582	-	9,582	-
Provisions for risks and charges	6.12	4,830	-	4,804	-
Other financial liabilities	6.14	2,219	-	2,905	-
Total non-current liabilities		85,089		76,053	
Current liabilities					
Due to banks and other lenders	6.9	81,080	1,678	84,307	1,605
Trade payables	6.13	80,104	7,684	76,934	6,776
Current tax liabilities		207	-	124	-
Employee benefits		-	-	67	-
Other financial liabilities	6.14	786	-	3,353	1,770
Provisions for risks and charges	6.12	551	-	1,523	-
Other liabilities	6.15	18,569	-	18,150	-
Total current liabilities		181,297		184,458	
TOTAL LIABILITIES		266,386		260,511	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		390,044		379,097	

CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	Notes	30 June 2021	of which with related parties (Note 8)	30 June 2020	of which with related parties (Note 8)
Revenues from sales	7.1	125,109	6,394	117,943	6,700
Other income		5,035	434	2,501	572
Raw materials and consumables	7.2	(13,573)	(82)	(13,290)	(80)
Costs for services	7.3	(40,045)	(9,783)	(37,303)	(7,729)
Personnel expenses	7.4	(42,417)	(434)	(41,443)	(2,263)
Other costs		(655)	(16)	(942)	(14)
Depreciation/amortization and provisions	7.5	(27,178)	(973)	(27,233)	(976)
Operating profit (loss)		6,276		233	
Financial income	7.6	398	271	1,003	403
Financial expenses	7.6	(2,241)	(665)	(2,866)	(712)
Income/(Expense) from equity investments		24	-	1,052	-
Revaluation/impairment of equity-accounted investments	6.4	666	-	(914)	-
Profit (Loss) before taxes		5,123		(1,492)	
Income taxes	7.7	(750)		1,278	
Profit (Loss) of the period		4,373		(214)	
of which: Share pertaining to the Shareholders of the Parent Company		4,307		(300)	
Share pertaining to the minority shareholders		66		86	
Base earnings/(losses) per share (Euro per share)	7.8	0.14		(0.01)	
Diluted earnings/(losses) per share (Euro per share)	7.8	0.14		(0.01)	

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

<i>(thousands of Euros)</i>	30 June 2021	30 June 2020
Profit (Loss) of the period	4,373	(214)
<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	1,052	(12,300)
Portion of comprehensive income of the investments measured using the equity method	377	(288)
Income taxes on other comprehensive income	-	-
Total other comprehensive income after taxes	1,429	(12,588)
Total comprehensive income for the period	5,802	(12,802)
of which: Attributable to shareholders of the parent	5,895	(12,873)
Attributable to non-controlling interests	(93)	71

CONSOLIDATED STATEMENT OF CASHFLOW

<i>(thousands of Euros)</i>	Notes	as at 30 June 2021	of which with related parties (Note 8)	as at 30 June 2020	of which with related parties (Note 8)
<i>Generated (absorbed) cash flow from operating activities</i>					
Profit (loss) before taxes		5,122	-	(1,493)	-
Current taxes payment		(185)	-	(153)	-
Depreciation	7.5	26,964	-	26,701	-
Impairment and provisions	7.5	215	-	532	-
Gain/losses on equity investments	6.4	(690)	-	(138)	-
Capital gains/(losses) from divestment		(1,679)	-	(542)	-
Interest and expense income	7.6	1,843	-	1,863	-
Received interest incomes		54	-	558	-
Paid interest expenses		(1,171)	-	(1,161)	-
Paid interest on lease liabilities		(1,009)	(665)	(1,128)	(712)
Provisions for employee benefits	6.11	463	-	(195)	-
		29,927		24,844	
(Increase)/Decrease in inventories		(826)	-	(706)	-
(Increase)/Decrease in trade receivables	6.6	(11,528)	1,198	(2,998)	115
(Increase)/Decrease in trade payables	6.13	4,838	908	9,756	1,399
(Increase)/Decrease in other assets and liabilities		(5,872)	(1770)	(6,320)	(900)
Settlement of employee benefits	6.11	(514)	-	(341)	-
Generated (Absorbed) cash flow from operating activities		16,025		24,235	
<i>Generated (Absorbed) cashflow net of investing activities in:</i>					
Intangible assets	6.2	(310)	-	(621)	-
Property, plant and equipment	6.1	(33,666)	-	(27,871)	-
Dividends received		119	-	122	-
(Acquisitions) / Disposals		9,478	-	-	-
Equity investments	6.4	(255)	-	1,098	-
Generated (Absorbed) cashflow net of investment activities		(24,634)		(27,272)	
<i>Generated (Absorbed) cashflow from investment activities in:</i>					
Financial receivables		308	(203)	1,392	183
Dividends paid	6.8	(67)	-	(4,738)	-
Purchase of treasury shares	6.8	(615)	-	(1,226)	-
Share capital increase (minority shareholders)		-	-	-	-
Short-term liabilities due to banks and other lenders	6.9	(558)	-	17,750	-
Long-term liabilities due to banks and other lenders	6.9	9,961	-	(9,912)	-
Reimbursement of leasing liabilities		(1,841)	(745)	(1,882)	(699)
Generated (Absorbed) cashflow from financing activities		7,188		1,384	
Increase/(Decrease) in cash and cash equivalents		(1,421)		(1,654)	
Cash and cash equivalents at the beginning of the period		4,441		7,141	
Effect of exchange rates on cash and cash equivalents		(10)		1,486	
Cash and cash equivalents at the end of the period		3,030		4,001	
Increase/(Decrease) in cash and cash equivalents		(1,421)		(1,654)	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(thousands of Euros)</i>	Share Capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) of the period	Reserves and profit (loss) of non-controlling interests	Total Shareholder s' Equity
Balance as at 1 January 2020	30,935	51,198	6,618	54,204	(17,292)	8,990	3,604	138,257
Allocation of profit from the previous year	-	-	-	4,710	-	(4,710)	-	-
Distribution of dividends	-	-	-	-	-	(4,280)	(458)	(4,738)
Acquisition non-controlling interests	-	-	-	703	-	-	(703)	-
Share capital increase in controlled companies	-	-	-	-	-	-	-	-
Put-option on minority shares	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-
Treasury share transactions	(486)	(740)	-	-	-	-	-	(1,226)
Profit (loss) for the period	-	-	-	-	-	(300)	86	(214)
Other items of comprehensive income	-	-	-	(288)	(12,285)	-	(15)	(12,588)
Balance as at 30 June 2020	30,449	50,458	6,618	59,329	(29,577)	(300)	2,514	119,491

<i>(thousands of Euros)</i>	Share Capital	Share premium reserve	Legal reserve	Retained earnings	Translation reserve	Profit (loss) of the period	Reserves and profit (loss) of non-controlling interests	Total Shareholder s' Equity
Balance as at 1 January 2021	30,259	50,229	6,618	59,066	(32,582)	2,761	2,235	118,586
Allocation of profit from the previous year	-	-	-	2,761	-	(2,761)	-	-
Distribution of dividends	-	-	-	-	-	-	(114)	(114)
Treasury share transactions	(269)	(347)	-	-	-	-	-	(616)
Profit (loss) for the period	-	-	-	-	-	4,307	66	4,373
Other items of comprehensive income	-	-	-	377	1,211	-	(159)	1,429
Balance as at 30 June 2021	29,990	49,882	6,618	62,204	(31,371)	4,307	2,028	123,658

EXPLANATORY NOTES

1 Introduction

The condensed consolidated half-year financial statements as at 30 June 2021 of the Servizi Italia Group, which have undergone a limited audit, have been prepared in accordance with art. 154-ter of Legislative Decree 58/1999 and subsequent amendments and additions, as well as in compliance with the "International Financial Reporting Standards - IFRS" issued by the International Accounting Standards Board (IASB), on the basis of the text published in the Official Journal of the European Communities (O.J.E.C.). These half-yearly financial statements have been prepared in "condensed" form in accordance with IAS 34, therefore they do not include all the information normally included in annual financial statements and must therefore be read together with the consolidated financial statements of the Group as at 31 December 2020.

The condensed consolidated half-year financial statements include the consolidated income statement, the comprehensive consolidated income statement, the consolidated statement of financial position, the consolidated statement of changes in shareholders' equity, the statement of cashflow and the explanatory notes, in accordance with IFRS requirements.

The condensed consolidated half-year financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board and approved by the European Union at the time of preparation of these financial statements. The term IFRS also includes all the revised international accounting standards (IAS) and all the interpretations of the International (IFRS) Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

Covid-19 disclosure in relation to accounting effects

The health emergency caused by Covid-19 is to be considered as a relevant event in 2021 and the Group analyzed it in detail, with reference to the recommendations issued by Italian and European regulators (Consob, ESMA, IOSCO).

As it stands, there is no significant impact of Covid-19 on the other items of the financial statements, with particular reference to the most significant valuation items for the Group, also taking into account that, to date, the Group's performance does not deviate from the estimates made at 31 December 2020.

For this reason, Company's management has assessed that, despite the difficult economic and financial context, there are no uncertainties about Company's going concern and there is no financial, management or operational indicator that could suggest critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

IFRS accounting standards, amendments and interpretations applicable from 1 January 2020

The following IFRS accounting principles, amendments and interpretations were first applied by the Group from 1 January 2021:

- On 28 May 2020, the IASB published an amendment called “**Covid-19 Related Rent Concessions (Amendment to IFRS 16)**”. The document provides for lessees the right to account for reductions in fees related to Covid-19 without having to assess, through the analysis of contracts, whether the definition of lease modification of IFRS 16 is respected. Therefore, lessees who apply this option will be able to account for the effects of the reductions in rents directly in the income statement at the effective date of the reduction. The adoption of this new amendment did not affect the consolidated financial statements of the Group.
- On 28 May 2020, the IASB published an amendment entitled “**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)**”. The amendments allow the temporary exemption from the IFRS 9 application to be extended until 1 January 2023 for insurance companies. The adoption of this new amendment did not affect the consolidated financial statements of the Group.
- On 27 August 2020, in light of the reform on interbank interest rates such as the IBOR, the IASB published the document “**Interest Rate Benchmark Reform – Phase 2**” which contains amendments to the following standards:
 - IFRS 9: *Financial Instruments*;
 - IAS 39: *Financial Instruments: Recognition and Measurement*;
 - IFRS 7: *Financial Instruments: Disclosures*;
 - IFRS 4: *Insurance Contracts*; and
 - IFRS 16: *Leases*.

All amendments became effective on 1 January 2021. The adoption of this amendment had no impact on the Group's consolidated financial statements.

Accounting standards, IFRS and IFRIC amendments and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Group as at 30 June 2021

- On 14 May 2020, the IASB published the following amendments:
 - **Amendments to IFRS 3 Business Combinations:** the purpose of the amendments is to update the reference in IFRS 3 to the revised Conceptual Framework, without implying changes to the provisions of IFRS 3.
 - **Amendments to IAS 16 Property, Plant and Equipment:** the purpose of the modifications is not to allow the amount received from the sale of goods produced by testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs will therefore be recognized in the profit and loss account.
 - **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** the amendment clarifies that in the estimate of the possible oneness of a contract, all costs directly attributable to the contract must be considered. Consequently, the assessment of the possible oneness of a contract includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used for the performance of the contract).
 - **Annual Improvements 2018-2020:** the changes were made all'IFRS 1 *first-time adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and *illustrative Examples of IFRS 16 leases*.

All changes will take effect on 1 January 2022. Directors do not expect a significant effect on the Group's consolidated financial statements since the adoption of this amendment.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment called “**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**”. The purpose of the document is to clarify how to classify debts and other short or long-term liabilities. The amendments come into effect on 1 January 2023; early adoption is in any case allowed. Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment.
- On 12 February 2021, the IASB published two amendments entitled '**Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2**' and '**Definition of Accounting Estimates-Amendments to IAS 8**'. The amendments are intended to improve the disclosure of accounting policies in order to provide more useful information to investors and other primary users of financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but earlier application is permitted. Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment.
- On 31 March 2021, the IASB issued an amendment entitled "**Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)**" by which it extends by one year the period of application of the amendment to IFRS 16, issued in 2020, relating to the accounting for facilities granted, due to Covid-19, to lessees. The amendments will apply from 1 April 2021, earlier adoption is permitted. Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment..
- On 7 May 2021, the IASB published an amendment entitled "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that may give rise to assets and liabilities of equal amounts, such as leases and decommissioning obligations. The changes will apply from 1 January 2023, but earlier application is permitted. Directors do not expect a significant effect on the Group’s consolidated financial statements since the adoption of this amendment.

1.1 Core business

The Group mainly operates on the Italian market, but it is also present in the State of São Paulo (Brazil) and in Albania, India, Morocco and Turkey, providing integrated services for the rental, washing and sterilization of textiles and surgical instruments for public and private social welfare, hotel and hospital facilities. In particular, the services provided by the Company are articulated in: wash-hire services, which include (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility “118”

emergency service items and (iii) logistics, transport and management of hospital linen storage facilities; linen sterilisation services, which include the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in sets for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment (gloves, masks); and surgical instrument sterilisation services, which include (i) planning and provision of washing, packaging and sterilisation services for surgical instruments (owned or rented) and accessories for operating theatres and (ii) planning, installation and renovation of sterilisation centres.

2 The Company as part of a group

Servizi Italia S.p.A. is part of the Coopservice S.Coop.p.A. Group, with registered offices in Reggio Emilia, which holds a controlling shareholding via the Company Aurum S.p.A., with registered offices in Via Rochdale No. 5, Reggio Emilia.

Servizi Italia S.p.A. is not subject to the management and co-ordination activities of either the direct parent company Aurum S.p.A. or the indirect parent company Coopservice S.c.p.a. In fact, Servizi Italia S.p.A. operates under conditions of corporate and entrepreneurial autonomy in commercial dealings with its customers and suppliers and independently defines its industrial plans and/or budgets. Furthermore, Servizi Italia S.p.A. - in compliance with the provisions of Italian Law No. 262 dated 28 December 2005 - has adopted all the necessary measures which permit it not to be subject to management and co-ordination activities.

3 Consolidation principles and accounting standards

3.1 Consolidation principles

The half-year condensed consolidated financial statements as at 30 June 2021 include the financial statements of Servizi Italia S.p.A. and of the companies over which it exercises direct or indirect control, beginning on the date on which it is acquired and until the date on which it is no longer held.

Investments in associates and jointly controlled companies (joint ventures) are measured using the equity method, while jointly controlled assets (joint operations) are recorded by recognising the portion of the assets and liabilities, costs and revenues that pertain thereto, directly into the financial statements of the company that is party to the agreements.

The financial statements consolidated line-by-line drafted as at 30 June 2021 are those appropriately prepared and approved by the administrative bodies, and have been adjusted as required to bring them into line with the accounting standards of Servizi Italia S.p.A.

The consolidation criteria are the same as those applied in the Group's consolidated financial statements as at 31 December 2020.

3.2 Consolidation scope

The scope of consolidation includes the following subsidiaries (consolidated line-by-line):

(Thousand)	Registered Office	Currency	Share Capital as at 30 June 2021	Percent share-holding as at 30 June 2021	Percent share-holding as at 31 December 2020
San Martino 2000 S.c.r.l.	Genoa - Italy	EUR	10	60%	60%
Steritek S.p.A.	Malagnino (CR) - Italy	EUR	134	70%	70%
Ankateks Turizm infaat Tekstil Temizleme Sanayi Ve	Ankara - Turkey	TRY	20,000	55%	55%
Ergülteks Temizlik Tekstil Ltd. Sti.**	Smirne - Turkey	TRY	1,700	57.5%	57.5%
SRI Empreendimentos e Participacoes LTDA	São Paulo - Brazil	BRL	210,828	100%	100%
Lavsim Higienização Têxtil S.A.*	São Roque São Paulo - Brazil	BRL	27,430	100%	100%
Maxlav Lavanderia Especializada S.A.*	Jaguariúna, São Paulo - Brazil	BRL	2,825	100%	100%
Vida Lavanderias Especializada S.A.*	São Roque São Paulo - Brazil	BRL	3,600	100%	100%
Aqualav Serviços De Higienização Ltda*	Vila Idalina, Poá, São Paulo - Brazil	BRL	15,400	100%	100%
Ekolav S.r.l.	Lastra a Signa (FI) - Italy	EUR	100	100%	100%
Wash Service S.r.l.	Castellina di Soragna (Parma) - Italy	EUR	10	90%	90%

* Held through SRI Empreendimentos e Participações Ltda

** Held through Ankateks Turizm infaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi

Investments in associates and jointly controlled companies are measured using the equity method:

(Thousand)	Registered office	Currency	Share capital as at 30 June 2021	Percent interest as at 30 June 2021	Percent interest as at 31 December 2020
PSIS S.r.l.	Padua - Italy	EUR	10,000	50%	50%
AMG S.r.l.	Busca (CN) - Italy	EUR	100	50%	50%
Steril Piemonte S.c.r.l.	Turin - Italy	EUR	4,000	50%	50%
Iniziativa Produttive Piemontesi S.r.l.	Turin - Italy	EUR	2,500	37.63%	37.63%
Piemonte Servizi Sanitari S.c.r.l.	Turin - Italy	EUR	10	30% ⁽¹⁾	30% ⁽¹⁾
Finanza & Progetti S.p.A.	Padua - Italy	EUR	550	50%	50%
Arezzo Servizi S.c.r.l.	Arezzo - Italy	EUR	10	50%	50%
Brixia S.r.l.	Milan - Italy	EUR	10	23%	23%
Saniservice Sh.p.k.	Tirana - Albania	LEK	2,746	30%	30%
Shubhram Hospital Solutions Private Limited	New Delhi - India	INR	362,219	51%	51%
SAS Sterilizasyon Servisleri A.Ş.	Istanbul - Turkey	TRY	17,767	51%	51%
Servizi Sanitari Integrati Marocco S.a.r.l.	Casablanca - Morocco	MAD	122	51%	51%
StirApp S.r.l.	Modena - Italy	EUR	208	25%	25%
Sanitary cleaning Sh.p.k.	Tirana - Albania	LEK	2,799	40%	40%

⁽¹⁾ Indirect 15.05% interest through Iniziativa Produttive Piemontesi S.r.l.

The following conversion rates in Euro were used for the consolidation of those companies that prepare financial statements in currencies other than the functional currency used in the consolidated financial statements of the Servizi Italia Group:

Currency	Average exchange rate as at 30 June 2021	Final exchange rate as at 31 December 2020	Final exchange rate as at 30 June 2021	Average exchange rate as at 30 June 2020	Final exchange rate as at 30 June 2020
Brazilian Real (R\$)	6.4902	6.3735	5.9050	5.4104	6.1118
Turkish Lira (TL)	9.5226	9.1131	10.3210	7.1492	7.6761
Albanese Lek (Lek)	123.2507	123.7	122.5700	123.6233	124.0900
Indian Rupee (INR)	88.4126	89.6605	88.3240	81.7046	84.6235
Moroccan Dhiram (MAD)	10.7477	10.919	10.5910	10.7586	10.8740
Singapore Dollar (SGD)	1.6059	1.5698	1.5976	1.5411	1.5648

3.3 Accounting standards and basis of preparation

The accounting standards and basis of preparation, reported in the introduction to the Notes to the financial statements, are the same as those used to prepare the consolidated financial statements as at 31 December 2020, which should be referred to for a description, with the exception of the IFRS standards, amendments and interpretations applied for the first time as at 1 January 2021 and described, together with the effects on the half-year condensed consolidated financial statements, in the introduction to these Notes.

The half-year condensed consolidated financial statements as at 30 June 2021 has been drafted on the basis of the going concern assumption.

4 Risk management policy

The management of the financial risks within the Servizi Italia Group is carried out centrally within the sphere of precise organisational directives, which discipline the handling of the same and the control of all the transactions, which have strict relevance in the composition of the financial and/or trade assets and liabilities.

The activity of Servizi Italia S.p.A. are exposed to various risk types, including interest rate fluctuations and credit, liquidity, cash flow risks and currency-type risks.

To minimise such risks, Servizi Italia S.p.A. has adopted timescales and control methods, which allow company management to monitor this risk and inform the Board of Directors so that it may approve all transactions involving a commitment by the Company with respect to third parties.

The principal internal and external risks to which the Group is exposed are described in the directors' report accompanying the separate financial statements as at 31 December 2020. A description of market risks and the relative hedging policies is provided below.

4.1 Type of risks hedged

Exchange rate risk

The investments in Brazil, Turkey, India, Albania and Morocco have positioned the Group in an international context, exposing it to exchange rate risk generated by fluctuations in the Euro/Real, Euro/Turkish Lira, Euro/Indian Rupee, Euro/Albanian Lek and Euro/Moroccan Dirham exchange rates.

The exchange rate risk assessment policy weighs the risk of currency fluctuations against the size and time distribution of the cash flows expressed in foreign currency and against the cost of possible hedging transactions. The valuations carried out, considering that no capital inflows from abroad are expected in the short term, have led to the conclusion that it is advisable not to activate currency risk hedging operations.

Credit risk

Credit risk is constantly monitored through the periodic elaboration of past due situations, which are submitted to the analysis of the Group's financial structure. The Group has also adopted procedures for recovering problem loans and avails itself of the assistance of lawyers in case of litigation.

Since customers are predominantly public companies, the risk of non-collection is deemed low. However, these customers have extended payment times which depend on loans received by Local Health Units and hospitals from the Regions. Currently, the average days sales outstanding are 105.

The trade receivables shown in the financial statements are adjusted by the expected losses according to a model that refers to a loss expected over the entire life of the trade receivables in compliance with the simplified approach provided by IFRS 9. The expected loss rates applied are substantially in line with those indicated in the consolidated financial statements as at 31 December 2020.

Liquidity risk

To correctly manage liquidity risk, an adequate level of cash and cash equivalents must be maintained. Considering the predominantly public nature of the Group's customers and the average collection times, cash and cash equivalents are obtained primarily from accounts receivable financing and, to a lesser extent, from medium-term, unsecured credit lines. The Group also uses factoring without recourse.

Interest rate risk

The Company's net financial debt comprises short-term payables which, as at 30 June 2021, represent approximately 55% of its debt at an average annual rate, in relation to short-term bank debt, of around 0.42%. In relation to the global financial crisis, the Group is monitoring the market and regularly assessing the opportunity to carry out hedging transactions to limit the negative impact of future interest rate changes on the income statement. The table below shows the effect that would be generated by a 0.5% increase or decrease in rates.

(thousands of Euros)	0.5% rate increase		0.5% rate decrease	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Financial receivables	+25	+60	(25)	(60)
Financial payables	+309	+605	(309)	(605)
Factoring of receivables	+236	+470	(236)	(470)

4.2 Fair value information

Financial assets and financial liabilities are recognized at amortised cost. Shareholdings in other companies relate to investments of a strategic and production nature, all of which are in fact held in relation to the management of contracts or licenses.

Most of these investments cannot be freely transferred to third parties as they are subject to rules and agreements that effectively prevent their free movement. Investments in other companies are measured at fair value when there is an active market for securities representing such investments. Gains or losses resulting from changes in fair value are recognized directly in the income statement. In the absence of an active market, which is the case for all equity investments held by the Company as

at 30 June 2021, equity investments in other companies are valued at purchase or founding cost, adjusted if necessary, for impairment or capital repayments, as the best estimate of fair value.

The Group does not hold financial instruments measured at fair value and therefore no classification based on input quality is provided.

5 Segment reporting

The Servizi Italia Group's segment reporting is organised as follows:

- *Wash hire*: this includes (i) planning and provision of integrated hire, reconditioning (disinfection, washing, finishing and packaging) and logistics (pick-up and distribution to usage centres) services for textile items, mattresses and accessories (pillowcases, curtains), (ii) rental and washing of high visibility "118" emergency service items and (iii) logistics, transport and management of hospital linen storage facilities;
- *Linen sterilisation (Steril B)*: this includes the planning and rental of sterile medical devices for operating theatres (linens for operating theatres and scrubs) packed in kits for the operating theatre, in cotton or in re-usable technical fabric, as well as personal protection equipment;
- *Sterilization of surgical instruments (Steril C)*: this includes (i) the design and supply of washing, packaging and sterilization services for surgical instruments (owned or rented) as well as accessories for operating rooms, (ii) the design, installation and renovation of sterilization centres and, (iii) system validation and control services for sterilization processes and surgical instrument washing systems.

In terms of geographical areas, the Servizi Italia Group:

- operates in the Italian territory, with the exception of Brazilian (Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A. and Aqualav Serviços De Higienização Ltda held through the subsidiary SRI Empreendimentos e Participações Ltda) and Turkish (Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi and Ergülteks Temizlik Tekstil Ltd. Sti) companies.
- mostly offers the same types of services in each geographical area in Italy and abroad.

Therefore, information is not presented by geographical area, with exception of revenue, which is broken down by region in paragraph 7.1.

The Servizi Italia Group considers the breakdown by business area to be more significant. The core business areas are identified based on how the Group is managed, how management responsibilities are attributed and how business reporting is analysed by the management.

(thousands of Euros)		Half-year ended as at 30 June 2021			
	Wash-hire	Steril B	Steril C	Total	
Revenues from sales and services	95,105	9,110	20,894	125,109	
Other income	3,926	147	962	5,035	
Raw materials and materials	(8,844)	(2,689)	(2,040)	(13,573)	
Costs for services	(32,770)	(1,630)	(5,645)	(40,045)	
Personnel expense	(31,204)	(2,848)	(8,365)	(42,417)	
Other costs	(528)	(23)	(104)	(655)	
EBITDA^(a)	25,685	2,067	5,702	33,454	
Depreciation, amortisation and impairment	(22,992)	(1,372)	(2,814)	(27,178)	
Operating profit (EBIT)	2,693	695	2,888	6,276	
Financial income and expense from equity investments in other companies				(1,153)	
Profit before tax				5,123	
Taxes				(750)	
Profit (loss) for the year				4,373	
Of which portion attributable to shareholders of the parent				4,307	
Of which portion attributable to non-controlling interests				66	

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. The Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

(thousands of Euros)		Half-year ended as at 30 June 2020			
	Wash-hire	Steril B	Steril C	Total	
Revenues from sales and services	90,062	8,412	19,469	117,943	
Other income	1,366	112	1,023	2,501	
Raw materials and materials	(8,502)	(2,955)	(1,833)	(13,290)	
Costs for services	(29,194)	(2,082)	(6,027)	(37,303)	
Personnel expense	(31,021)	(2,665)	(7,757)	(41,443)	
Other costs	(846)	(26)	(70)	(942)	
EBITDA^(a)	21,865	796	4,805	27,466	
Depreciation, amortisation and impairment	(22,996)	(1,198)	(3,039)	(27,233)	
Operating profit (EBIT)	(1,131)	(402)	1,766	233	
Financial income and expense and income and expense from equity investments in other companies				(1,725)	
Profit before tax				(1,492)	
Taxes				1,278	
Profit (loss) for the year				(214)	
Of which portion attributable to shareholders of the parent				(300)	
Of which portion attributable to non-controlling interests				86	

(a) EBITDA is not an accounting measurement under the IFRSs endorsed by the European Union. The Group management has defined EBITDA as the difference between the value of sales and services and operating costs before depreciation, amortisation, write-downs, impairment and provisions.

Revenues from **wash-hire services**, which in absolute terms represent 76.0% of the Group's revenues, passed from Euro 90,062 thousand in the first six months of 2020 to Euro 95,105 thousand in the first half of 2021, sustained by the excellent organic growth registered in Brazil and Turkey (however offset by a negative exchange rate variation). In Italy, there was a significant growth in revenues (+7.5%) mainly sustained by the new tenders in the north-eastern area and only partially mitigated by the drop in hotel and catering sector for most of the first half of 2021 compared to the first half of 2020; net of the drop in the hotel sector, growth in the Italian wash-hire sector is 9.0%. In addition to that, in Italy, it is worth to underline that approx. Euro 424 thousand are related to Covid refunds obtained following ANAC resolution no. 540 of 1 July 2020. Revenues in Brazil posted double-digit organic growth in local currency (+16.4%), offset by a negative exchange rate translation effect of 19.4% (depreciation of the Brazilian real against the Euro), resulting in a negative change of 3.0% for the period. Revenues in Turkey also recorded an excellent organic growth for the period of 29.9%, offset by a negative

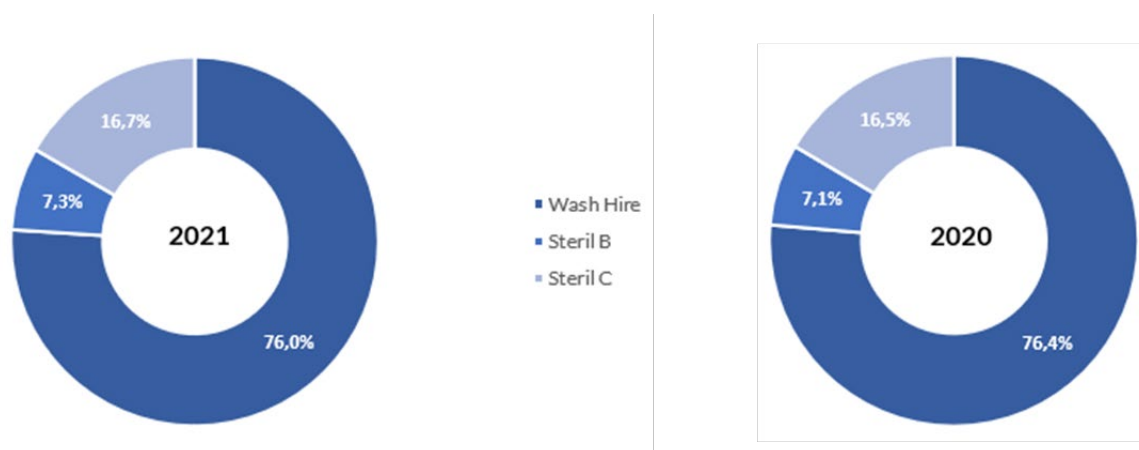
exchange rate effect of 32.4% (depreciation of the Turkish lira against the Euro) leading to a negative change in sales of 2.5%.

Revenues from **textile sterilization** (steril B), which in absolute terms represent 7.3% of the Group's revenues, pass from Euro 8,412 thousand in the first six months of 2020 to Euro 9,110 thousand in the first semester of 2021, up by 8.3% as result of the supply of specific linen for the prevention of Covid-19 infection in use at certain hospitals in Italy, as well as the resumption of surgical activities at the hospitals compared to the same period of the previous year.

Revenues from **surgical instruments sterilization services** (steril C), which in absolute terms represent 16.7% of the Group's revenues, pass from Euro 19,469 thousand in the first six months of 2020 to Euro 20,894 thousand in the first semester of 2021, up by 7.3% mainly due to some new orders in north-eastern Italy, as well as to the recovery in surgical operations compared to the previous period. In fact, it should be noted that the comparison period of the 2020 financial year recorded a severe downturn related to the impact of the pandemic crisis for most of the first half of the year (starting from March 2020). Revenues related to this business segment are still affected by the uncertainty in the planning of surgical operations and the availability of dedicated spaces related to the ongoing epidemic crisis.

In terms of margins, the line showed an EBITDA margin of 24.7%, compared to 31.5% of the previous year, while EBIT margin went from 18.6% to 9.1% mainly due to the drop in turnover recorded on the line, the non-proportional reduction in production costs related and the lack of absorption of fixed costs.

The following graph shows the breakdown of revenues by business segment.



The information provided in the tables below represents assets directly attributable to investments by business segment:

(thousands of Euros)	30 June 2021			
	Wash-hire	Steril B	Steril C	Total
Total revenues from sales and services	95,105	9,110	20,894	125,109
Investments in property, plant and equipment and intangible assets	32,273	1,068	1,359	34,700
Depreciation of property, plant and equipment and amortisation of intangible assets	22,837	1,354	2,772	26,963
Net book value of property, plant and equipment and intangible assets	149,022	4,159	21,017	174,198

(thousands of Euros)	30 June 2020			
	Wash-hire	Steril B	Steril C	Total
Total revenues from sales and services	90,062	8,412	19,469	117,943
Investments in property, plant and equipment and intangible assets	26,131	1,164	1,980	29,275
Depreciation of property, plant and equipment and amortisation of intangible assets	22,476	1,196	3,026	26,698
Net book value of property, plant and equipment and intangible assets	148,326	3,490	23,800	175,616

5.1 Seasonality

The Group's economic and financial performance is not affected by significant cyclical or seasonal trends.

6 Balance sheet

6.1 Property, plant and equipment

Changes in property, plant and equipment and the associated accumulated depreciation are shown in the table below.

(thousands of Euros)	Land and buildings	Plant and machinery	Returnable assets	Equipment	Other assets	Assets under construction	Total
Historical cost	43,192	153,244	34,477	69,932	157,661	6,573	465,079
Accumulated depreciation	(8,827)	(105,059)	(25,276)	(56,409)	(100,687)	-	(296,258)
Balance as at 1 January 2021	34,365	48,185	9,201	13,523	56,974	6,573	168,821
Translation differences	66	71	97	68	588	314	1,204
Increases	746	2,595	230	2,008	25,318	3,502	34,399
Decreases	(3,679)	(3,039)	(15)	(297)	(1,689)	(97)	(8,816)
Amortization	(1,598)	(4,098)	(781)	(2,508)	(17,262)	-	(26,247)
Write-downs (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	562	237	491	906	(2,196)	-
Other assets	-	-	-	-	-	-	-
Balance as at 30 June 2021	29,900	44,276	8,969	13,285	64,835	8,096	169,361
Historical cost	39,164	149,096	35,210	71,223	182,258	8,096	485,047
Accumulated depreciation	(9,264)	(104,820)	(26,241)	(57,938)	(117,423)	-	(315,686)
Balance as at 30 June 2021	29,900	44,276	8,969	13,285	64,835	8,096	169,361

The item "Translation differences" refers to the exchange rates of Brazilian (SRI Empreendimentos e Participações Lt.d.a., Lavsím Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) and Turkish (Ankateks Turizm inşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi e Ergülteks Temizlik Tekstil Ltd. Sti.) companies.

Increases in the first half of 2021 primarily refer to investments in linen (Euro 24,091 thousand included in the item "Other assets"), to ensure increasingly more efficient inventory management, both for the partial renewal of contracts and for the first supply relating to contracts acquired during the period under analysis. The increase is also attributable to the increased demand for linen as a result of the Covid-19 emergency.

The item "Land and Buildings" recorded decreases of Euro 3,679 thousand mainly concerning the sale of the workwear business by the Parent Company, which included among the assets sold, the factory located in Barbariga (BS), Italy.

The item “Plant and machinery” recorded decreases of Euro 2,595 thousand, mainly concerning investments made in plants in Italy (Euro 1,754 thousand), Brazil (Euro 228 thousand) and Turkey (Euro 613 thousand).

The item “Industrial and commercial equipment” recorded increases of Euro 2,008 thousand, of which Euro 694 thousand relating to the purchase of surgical instruments as first supply for tenders awarded and Euro 1,314 thousand for the purchase of industrial equipment.

The increases in the item “Assets under construction” relate to works on third party assets still under construction at the end of the first half of 2021 and, by territorial area, they are divided for Euro 1,767 thousand in Italy (mainly related to wash-hire sector) and Euro 1,735 thousand in Brazil (mainly related to the start-up of a CSSD in the area of São Paolo).

Reclassifications show decreases of Euro 2,196 thousand mainly relating to the start of new wash-hire contracts in Italy.

The item “Asset under construction” refers to the investments under way at the end of the first half and is composed as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Sterilization centres investments	768	1,096
Laundering facilities investments	1,295	1,312
Investments on contracts	2,082	2,131
Investments at Brazilian production sites	3,922	2,001
Investments at Italian production sites	28	33
Total	8,095	6,573

“Assets under construction” mainly relate to the setting up of linen traceability systems for the various wardrobes and the purchase of linen for the start-up phase of tenders (Euro 1,517 thousand). Assets under construction for Brazil mainly refer to the commissioning of a sterilisation plant in the São Paulo area.

6.2 Intangible assets

This item changed as follows:

<i>(thousands of Euros)</i>	Trademarks, Software, Patents and Intellectual Property Rights	Customer contracts portfolio	Other intangible assets	Assets under construction and payments on account	Total
Historical cost	7,173	8,368	989	125	16,655
Accumulated depreciation	(5,689)	(5,278)	(450)	-	(11,417)
Balance as at 1 January 2021	1,484	3,090	539	125	5,238
Translation differences	9	-	16	-	25
Increases	169	-	-	132	301
Decreases	(5)	-	-	-	(5)
Amortization	(306)	(237)	(180)	-	(723)
Write-downs (reinstatements)	-	-	-	-	-
Reclassifications	5	-	-	(5)	-
Balance as at 30 June 2021	1,356	2,853	375	252	4,836
Historical cost	7,371	8,368	1,023	252	17,014
Accumulated depreciation	(6,015)	(5,515)	(648)	-	(12,178)
Balance as at 30 June 2021	1,356	2,853	375	252	4,836

The increases in item “Trademarks, Software, Patents and Intellectual Property Rights” is mainly attributable to the Parent Company’s purchase of software licences. In addition, there was an increase

in “Assets under construction and payments on account” mainly related to the purchase of new software licences made by the Parent Company.

6.3 Goodwill

Goodwill is allocated to the Servizi Italia Group's cash generating units identified on the basis of geographical area, which reflects the areas of operation of the companies acquired over the years.

Goodwill is allocated by geographical area as follows:

<i>(thousands of Euros)</i>	as at 31 December 2020	Increases/ (Decreases)	Translation differences	as at 30 June 2021
CGU Italy	51,668	-	-	51,668
CGU Turkey	7,517	-	(880)	6,637
CGU Brazil	6,454	-	512	6,966
Total	65,639	-	(368)	65,271

The change in the period is mainly coming from the translation into Euro of goodwill arising from the acquisitions in Brazil and Turkey.

With the exception of the portion of goodwill relating to the Steritek CGU (surgical instrument sterilization operating segment), all others identified goodwill are included in the wash-hire operating segment, as defined for the purposes of segment reporting required by IFRS 8.

At the date of approval of these half-yearly consolidated financial statements, no fact or event had occurred that could be indicative of an impairment loss on the goodwill recognised and tested for impairment at the end of the 2020 financial year.

6.4 Equity-accounted investments

The value of equity-accounted investments changed as follows:

<i>(thousands of Euros)</i>	Change as at 30 June 2021					30 June 2021
	1 January 2021	Increases (Decreases)	OCI changes	Share of profit/loss	Translation differences	
Associates and jointly-controlled companies						
Saniservice Sh.p.k.	(104)	-	-	54	(1)	(51)
Finanza & Progetti S.p.A.	10,026	-	377	992	-	11,395
Brixia S.r.l.	2,618	-	-	(57)	-	2,561
Arezzo Servizi S.c.r.l.	5	-	-	-	-	5
PSIS S.r.l.	3,662	-	-	337	-	3,999
Steril Piemonte S.c.r.l.	1,973	-	-	4	-	1,977
AMG S.r.l.	2,379	(95)	-	75	-	2,359
Iniziativa Produttive Piemontesi S.r.l.	1,063	38	-	(20)	-	1,081
Piemonte Servizi Sanitari S.c.r.l.	3	-	-	-	-	3
Servizi Sanitari Integrati Marocco S.a.r.l.	138	-	-	38	5	181
SAS Sterilizasyon Servisleri A.Ş.	839	255	-	30	(146)	978
Shubhram Hospital Solutions Private Limited	(1,995)	71	-	(389)	(31)	(2,344)
Sanitary Cleaning Sh.p.k.	1,444	-	-	34	13	1,491
Idsmmed Servizi Pte. Limited	-	-	-	-	-	-
StirApp S.r.l.	432	-	-	(432)	-	-
Total	22,483	269	377	666	(160)	23,635
of which recognized in provisions for risks and charges	(2,099)	71	-	(335)	(32)	(2,395)
of which recorded in equity-accounted investments	24,582	198	377	1,001	(128)	26,030

Share of profit/loss reflect the portion of profits and losses earned by investee companies during the period.

The item OCI changes, equal to positive Euro 377 thousand, corresponds the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in fair value of hedging derivatives subscribed by the company Ospedal Grando S.p.A. (subsidiary of associate company Finanza e Progetti S.p.A.).

It should be noted that the negative results recorded in the period by Shubhram Hospital Solutions Private Limited for Euro 389 thousand, are largely attributable to lower turnover recorded in the first half of the year in relation to the emergency situation deriving from Covid-19, while the write-down related to the investment in Stirapp S.r.l., a start-up company operating in the digitalisation of laundry services, is related to the valuation of the expected cashflow of the company, which currently shows an unlikely recovery of the investment in a market context spoilt by the ongoing pandemic crisis.

With reference to the equity investment in Shubhram Hospital Solutions Private Limited, in consideration of the commitments assumed with the local Indian partner, the portion of the losses exceeding the value of the equity investment was booked to the item “Provisions for risks and charges”.

6.5 Deferred tax assets

The item changed as follows:

<i>(thousands of Euros)</i>	Share capital increase costs	Leasing contracts	Property, plant and equipment	Employee benefits	Previous tax losses	Other costs with deferred deductibility	Total
Deferred taxes as at 31 December 2020	10	327	626	219	6,144	765	8,091
Changes recognised in the income statement	(2)	38	(24)	-	88	(327)	(227)
Changes recognised under shareholders' equity	-	6	-	-	-	23	29
Changes recognised in other comprehensive income	-	-	-	-	-	-	-
Deferred taxes as at 30 June 2021	8	371	602	219	6,232	461	7,893

There are no deferred tax assets not recognised in the financial statements, as the temporary differences generated were considered recoverable in future years. The item “Previous tax losses” mainly refers to the Parent Company and derives from the effects of the deductions on the investments in capital goods (known as “hyper/super-amortisation”) and the “ACE” corporate income tax deduction.

6.6 Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Due from third parties	65,289	57,501
Due from associates	6,583	5,295
Due from parent company	53	98
Receivables from companies under the control of the parent companies	439	80
Total	72,364	62,974

Trade receivables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Trade receivables	71,263	63,299
Bad debt provisions	(5,974)	(5,798)
Total	65,289	57,501

The increase in item “Trade receivables” is partly coming from the increase in the level of sales revenues concomitant with the increase in average collection days; however, a high volume of collections is reported in receivables that were overdue by more than 365 days.

During the semester, the Company took part in several transactions concerning the transfer of receivables as described here below:

- trade receivables were assigned without recourse to Credemfactor S.p.A., for a total of Euro 11,689 thousand, in exchange for a consideration equal to Euro 11,666 thousand;
- trade receivables were assigned without recourse to Unicredit Factoring S.p.A. for a total of Euro 27,297 thousand, in exchange for a consideration equal to Euro 27,246 thousand;
- trade receivables were assigned without recourse to IFITALIA for a total of Euro 8,297 thousand, in exchange for a consideration equal to Euro 8,286 thousand.

The bad debt provision changed as follows:

<i>(thousands of Euros)</i>	Total
Balance as at 31 December 2020	5,798
Uses	(12)
Adjustments	-
Provisions	188
Balance as at 30 June 2021	5,974

6.7 Other assets - current

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Due from others	8,770	8,056
Prepayments	2,684	1,478
Guarantee deposits receivables	200	214
Accrued income	-	4
Total	11,654	9,752

The item “Due from others” is made up of the receivables of the subsidiary company San Martino 2000 S.c.r.l. from the consortium Servizi Ospedalieri S.p.A. in the amount of Euro 1,547 thousand, the VAT receivable for Euro 4,564 thousand (Euro 4,275 as at 31 December 2020) and, for the remaining part, mainly by advances and receivables toward welfare institutions, all collectable within the year. The item “Prepayments” increased primarily as a result of rentals and insurance premiums that were recognized at the beginning of the year. The item “Guarantee deposits” refers to energy utilities and rentals.

6.8 Shareholders' Equity

As at 30 June 2021, the fully subscribed and paid-up share capital of Servizi Italia S.p.A. is broken down into 31,809,451 ordinary shares with a nominal amount of Euro 1 each. The Parent Company, throughout the first semester 2021, has purchased 268,500 treasury shares, equal to 0.84% of the share capital, with an average book value of Euro 2.29 per share, for a countervalue of Euro 615 thousand. Following these transactions, the Company held 1,818,960 treasury shares, equal to 5.72% of the share capital as at 30 June 2021. The value of the treasury shares held at 30 June 2021 of Euro 5,225 thousand was classified as a reduction in shareholders' equity. In addition, note should be taken of the negative impact, for Euro 1,211 thousand, on the translation reserves of the equity of the companies that prepare their financial statements in foreign currency and mainly as a result of the devaluation of the Brazilian Real and the Turkish Lira.

It should be noted that, although the Consolidated Shareholders' Equity of the Servizi Italia Group is higher than the market capitalization as at 30 June 2021, it is not considered as an indicator of impairment, also in consideration of the results of the impairment tests carried out as at 31 December 2020 and reconfirmed by the qualitative and sensitivity analyses formulated by management.

6.9 Due to banks and other lenders

The item is broken down as follows:

(thousands of Euros)	as at 30 June 2021			as at 31 December 2020		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities to banks	77,047	38,012	115,059	80,563	26,574	107,137
Payables due to other lenders	4,033	28,225	32,258	3,744	29,688	33,432
Total	81,080	66,237	147,317	84,307	56,262	140,569

Bank borrowing

The portion of the payable falling due within 12 months relating to the item "Liabilities to banks" as at 30 June 2021 shew a decrease of Euro 3,516 thousand, due to lower use of self-liquidating lines.

The portion of the payable falling due beyond 12 months relating to the item "Liabilities to banks" as at 30 June 2021 shew an increase of Euro 11,438 thousand, due to new loans taken out in the period, net of the repayment of the loan instalments expired during the year and the reclassification to current portion of the loan instalments due within 12 months.

Amounts due to banks are shown below by maturity:

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020
Less than or equal to 6 months	59,343	64,580
6 to 12 months	17,705	15,986
1 to 5 years	38,012	26,574
More than 5 years	-	-
Total	115,060	107,140

Non-current amounts due to banks are broken down by maturity here below:

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020
1 to 2 years	22,253	18,018
2 to 5 years	15,759	8,556
More than 5 years	-	-
Total	38,012	26,574

Some medium/long-term loans are subject to financial covenants based on data that can be inferred from the consolidated financial statements at the end of the financial year; no restrictions on compliance with financial covenants are envisaged as at 30 June 2021, except for the covenants in place for the loan granted by Unicredit S.p.A., which envisages compliance with two half-yearly ratios, respectively NFP/NP ≤ 2 and NFP/EBITDA ≤ 3 , both of which have been complied with.

Payables due to other lenders

“Payables due to other lenders “as at 30 June 2021, for the current portion, mainly relate to the payable contracted by the Turkish companies, in addition to financial payables relating to lease contracts in accordance with IFRS 16, for Euro 3,800 thousand.

The non-current portion of the balance as at 30 June 2021 is attributable to the debt contracted by the Turkish subsidiary Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi in addition to payables related to lease contracts for Euro 30,088 thousand.

Payables to other lenders are broken down by maturity here below:

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020
Less than or equal to 6 months	1,514	2,316
6 to 12 months	2,518	1,425
1 to 5 years	11,473	11,546
Over 5 years	16,752	18,142
Total	32,257	33,429

Non-current amounts due to other lenders are broken down by maturity here below:

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020
1 to 2 years	3,187	3,326
2 to 5 years	8,285	8,220
Over 5 years	16,752	18,142
Total	28,225	29,688

6.10 Deferred tax liabilities

Deferred tax liabilities are broken down below by nature of the timing differences that generated them:

(thousands of Euros)	Property, plant, equipment and intangible assets	Shareholdings	Goodwill	Other	Total
Deferred tax liabilities as at 31 December 2020	741	89	1,594	76	2,500
Changes recognised in the income statement	(276)	-	20	(3)	(259)
Changes recognised under shareholders' equity	(20)	-	-	-	(20)
Changes recognised in other comprehensive income	-	-	-	-	-
Deferred taxes as at 30 June 2021	445	89	1,614	73	2,221

There are no unrecognised deferred taxes as the related payment is considered unlikely.

6.11 Employee benefits

The item changed as follows:

<i>(thousands of Euros)</i>	Total
Balance as at 1 January 2021	9,649
Provision	463
Financial expenses	13
Actuarial (gains)/losses	-
Transfers (to)/from other provisions	-
(Uses)	(520)
Translation differences	(23)
Balance as at 30 June 2021	9,582

6.12 Provisions for risks and charges

The item changed as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Opening balance	6,327	5,882
Provisions	434	3,250
Uses/resolutions	(1,537)	(1,986)
Translation differences	157	(818)
Closing balance	5,381	6,327

This item includes the provision for the coverage of losses on equity investments for Euro 2,395 thousand, which refers to the equity investment in Shubhram Hospital Solutions Private Limited, and corresponds to the portion of the losses exceeding the value of the equity investment that will be covered in consideration of the commitments assumed with the local partner for the development of business in the Indian market.

“Uses” for the period mainly concern the partial reversal of the provision for onerous contracts (equal to Euro 747 thousand as at 30 June 2021), as result of estimates made by the parent Company in accordance with IAS 37 and concerning onerous contracts. The reversal, amounting to Euro 873 thousand, is aimed at offsetting the negative operating margins for the period estimated while drafting the consolidated financial statements as at 31 December 2020 in order to neutralize the impact of the reversal on Group's profitability. On the basis of projections made for provision estimation, a reabsorption of the amount set aside (equal to Euro 378 thousand) is expected within the next 12 months, given the average time of contracts analysed; therefore, it is reclassified under current liabilities, and the provision will be completely reabsorbed by 2025.

6.13 Trade payables

The item changed as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Due to suppliers	73,024	70,676
Due to associates	2,048	2,303
Due to parent company	4,830	3,863
Due to companies under the control of the parent companies	202	92
Total	80,104	76,934

Trade payables went from euro 76,934 thousand as at 31 December 2020 to Euro 80,104 thousand as at 30 June 2021 showing an increase of Euro 3,170 thousand. The increase is mainly attributable to higher investments made in the period, mainly as a result of the start-up phases of certain orders in Italy, while maintaining the same payment terms granted by suppliers.

6.14 Other financial liabilities

The item changed as follows:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Payables to Area S.r.l.	200	200
Put option payables of Steritek S.p.A.	1,835	1,828
Put option payables of Wash Service S.r.l.	384	381
Payables to Finanza e Progetti S.p.A.	-	1,770
Payables to Lavanderia Bolognini M&S S.r.l.	-	1,000
Payables to Wash Service S.r.l. shareholders	499	998
Deferred price Aqualav Serviços De Higienização L.t.d.a.	87	81
Total	3,005	6,258
of which non-current	2,219	2,905
of which current	786	3,353

The decrease in this item is mainly related to the payment of the payables to Finanza e Progetti S.p.A. (Euro 1,770 thousand) and to Lavanderia Bolognini M&S S.r.l. (Euro 1,000 thousand, of which Euro 650 thousand directly paid to the counterparty and Euro 350 thousand offset), as well as deriving from the acquisition of the hotel business and from the tranche of the payable to the minority shareholders of Wash Service S.r.l. for the price instalments of 90% of the shares acquired (Euro 499 thousand).

6.15 Other liabilities

The table below provides a breakdown of other current liabilities:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Accrued liabilities and deferred income	227	289
Social security contributions	4,483	5,303
Due to employees	11,627	8,494
Employee/professional IRPEF (personal income tax) payable	1,103	2,648
Other payables	1,129	1,416
Total	18,569	18,150

Payables due to employees

The item "Due to employees" increased compared to 31 December 2020, passing from Euro 8,494 thousand as at 31 December 2020 to Euro 11,627 thousand as at 30 June 2021.

Payables due to social security and welfare institutions

Amounts due to social security and welfare institutions include contributions to INPS/INAIL/INPDAl (National Social Security Institution, Italian Institution for Insurance Against Workplace Accidents, National Welfare Institute for Industrial Managerial Employees), all falling due within 12 months.

6.16 Net financial debt

The Group's net financial debt as at 30 June 2021, 31 December 2020 and 30 June 2020 is shown below:

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020	as at 30 June 2020
Cash and cash equivalent in hand	22	22	147
Cash at bank	3,008	4,419	3,854
Cash and cash equivalents	3,030	4,441	4,001
Current financial receivables	8,508	6,521	6,579
Current liabilities to banks and other lenders	(81,080)	(84,307)	(88,801)
<i>of which financial liabilities for IFRS 16</i>	(3,800)	(3,441)	(3,400)
Current net financial debt	(72,572)	(77,786)	(82,222)
Non-current liabilities to banks and other lenders	(66,237)	(56,262)	(57,661)
<i>of which financial liabilities for IFRS 16</i>	(28,115)	(29,502)	(30,088)
Non-current net financial debt	(66,237)	(56,262)	(57,661)
Net financial debt	(135,779)	(129,607)	(135,882)

Please refer to the statement of cash flows for the description of the cash flow generated by operating, financing and investment activities and related effects on cash and cash equivalents.

The change in net financial debt as at 30 June 2021 compared to 31 December 2020 includes, among other things, the collection of the price for the sale of the workwear business for approximately Euro 9.5 million, material investments, primarily textile and linen products to be introduced into the production process, for approximately Euro 33 million as well as the payment of the fourth installment of the price for the company Wash Service S.r.l. for Euro 0.5 million, capital increases in joint ventures for a total of Euro 0.3 million and payment of liabilities already commented in paragraph 6.14, for a total amount of 2.4 million. The consolidated net financial position therefore went from Euro 129,607 thousand as at 31 December 2020 to Euro 135,779 thousand as at 30 June 2021 with a negative change of Euro 6,172 thousand.

Total financial debt, prepared in accordance with the ESMA Recommendation of 4 March 2021, which is applicable from 5 May 2021 on, is reported below. Here the item "Current financial debt" includes the value of "Other current financial liabilities" and the item "Trade payables and other non-current payables" includes the value of "Other non-current financial liabilities". The chart reports is a summary of the Group's direct and indirect financial debt as well.

(thousands of Euros)	as at 30 June 2021	as at 31 December 2020	as at 30 June 2020
A. Cash	3,029	4,441	4,001
B. Other cash equivalents	-	-	-
C. Securities held for trading	8,508	6,521	6,579
D. Cash and cash equivalents (A)+(B)+(C)	11,537	10,962	10,580
E. Current financial receivables (debt instruments included, but excluding the current portion of non-current financial debt)	(42,365)	(55,658)	(69,218)
F. Current portion on non-current borrowings	(39,501)	(32,002)	(22,728)
<i>of which Financial Liabilities due to IFRS 16</i>	(3,800)	(3,441)	(3,400)
G. Current financial debt (E)+(F)	(81,866)	(87,660)	(91,946)
H. Current net financial debt (G)-(D)	(70,329)	(76,698)	(81,366)
I. Non-current bank borrowings (debt instruments included, but excluding the current portion of non-current financial debt)	(66,237)	(56,262)	(57,661)
<i>of which Financial Liabilities due to IFRS 16</i>	(28,115)	(29,502)	(30,088)
J. Bonds issued	-	-	-
K Other non-current payables	(2,219)	(2,905)	(3,396)
L. Non-current financial debt (I)+(J)+(K)	(68,456)	(59,167)	(61,057)
M. Net financial debt (H)+(L)	(138,785)	(135,865)	(142,422)

6.17 Financial guarantee contracts

The table below lists the guarantees given by the company, existing as at 30 June 2021 and 31 December 2020:

<i>(thousands of Euros)</i>	as at 30 June 2021	as at 31 December 2020
Guarantees issued by banks and insurance companies for tenders	76,544	73,673
Guarantees issued by banks and insurance companies for lease agreements and utilities	667	667
Guarantees issued by banks and insurance companies in favour of third parties	46,821	45,918
Owned assets held by third parties	295	73
Third party assets held at our facilities	-	-
Pledge on shares Asolo Hospital Service given as loan guarantee	66	66
Pledge on shares Sesamo given as loan guarantee	237	237
Pledge on shares Prog.Este given as loan guarantee	1,212	1,212
Pledge on shares Progeni given as loan guarantee	76	76
Pledge on shares Synchron given as loan guarantee	343	343
Pledge on quote Futura given as loan guarantee	89	89
Total	126,350	122,354

Guarantees issued by banks and insurance companies for tenders: these were issued on behalf of the Group in favour of customers or potential customers for participation in tenders, to guarantee the correct execution of the service.

Guarantees issued by banks and insurance companies for lease agreements and utilities: these were issued on behalf of the company to guarantee the payment of lease instalments and invoices for the supply of electricity and gas.

Guarantees issued by banks and insurance companies in favour of third parties: these are guarantees issued to back the payment of the company's portion of project financing and guarantees issued in favour of PSIS S.r.l., Steril Piemonte S.c.r.l., I.P.P. S.r.l., Gesteam S.r.l., Saniservice Sh.p.k. and Shubhram Hospital Solutions Private Limited and to Saniservice Sh.p.k. to back loan agreements.

Mortgage loans on owned property: The Group has not granted liens on owned property and has no mortgage loans.

Pledge on shares/units of Asolo Hospital Service, Sesamo, Progeni, Prog.Este, Synchron and Futura to back the loans granted to project companies: this pledge was granted to the banks providing the project financing on the shares representing the Group's interest in the special purpose entity.

7 Income statement

7.1 Revenues from sales

The item is broken down as follows by business:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Wash-hire	95,105	90,062
Steril B	9,110	8,412
Steril C	20,894	19,469
Revenues from sales	125,109	117,943

The item is broken down as follows by geographical area:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Italy	108,785	101,133
Brazil	12,666	13,058
Turkey	3,658	3,752
Revenues from sales	125,109	117,943

7.2 Raw materials and consumables

As at 30 June 2021 consumption of raw materials was equal to Euro 13,573 thousand, up by Euro 283 thousand compared to the same period of the previous year. The consumption refers to washing products, chemical products, packaging, consumables and spare parts, as well as disposable materials and PPE for new customers and Covid-19 emergency.

7.3 Costs for services

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
External laundering and other industrial services	15,695	12,433
Travels and transports	6,894	6,769
Utilities	6,132	6,156
Administrative costs	1,460	1,381
Consortium and sales costs	2,963	3,771
Personnel expenses	1,055	992
Maintenance	3,946	3,736
Use of third-party assets	1,387	1,259
Other services	513	806
Total	40,045	37,303

The item “Cost of services” increased by 7.3% compared to the same period of the previous year, equal to Euro 2,742 thousand, passing from Euro 37,303 thousand in the first semester 2020 to Euro 40,045 thousand in the first semester 2021.

The item “External laundering and other industrial services” recorded an increase equal to Euro 3,262 thousand mainly attributable to a different logistics and productive set-up aimed at a better management of laundry and wardrobe services, related to the contingent Covid-19 emergency situation and the start-up of new tenders in north-eastern Italy.

The item “Consortium and sales costs” recorded a decrease of Euro 808 thousand, mainly because of the termination of some contracts to which the Parent Company participated in a temporary business association.

7.4 Personnel expense

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Costs for Directors' fees	583	712
Salaries and wages	28,950	28,548
Temporary work	1,194	596
Social security charges	9,683	9,656
Employee severance indemnity	1,888	1,809
Other costs	119	122
Total	42,417	41,443

The item "Personnel expense" passes from Euro 41,443 thousand as at 30 June 2020 to Euro 42,417 thousand as at 30 June 2021, up by Euro 974 thousand. The increase is due to an increase in costs related to the item "Salaries and wages", as a result of the increase in the number of Group employees directly proportional to the growth in volumes recorded in the period.

It should also be noticed an increase of Euro 598 thousand in item "Temporary work", which passes from Euro 596 thousand as at 30 June 2020 to Euro 1,194 thousand as at 30 June 2021, mainly relating to the start of contracts in Veneto and Friuli Venezia Giulia regions.

The following table shows the average breakdown of personnel:

	Personnel as at 30 June	
	2021	2020
Executives	18	19
Middle managers	39	48
White-collar staff	291	281
Blue-collar staff	3,324	3,262
Total	3,672	3,610

7.5 Depreciation, amortization, write-downs, impairment and provisions

The item is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Amortisation of intangible assets	723	780
Depreciation of property, plant and equipment	26,241	25,918
Impairment and provisions	214	535
Total	27,178	27,233

The item "Amortization, depreciation and write-downs" shows a slight decrease of Euro 55 thousand compared to the same period of the previous year, passing from Euro 27,233 thousand in the first half of 2020 to Euro 27,178 thousand in the first half of 2021.

7.6 Financial income and expense

Financial income is broken down as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Bank interest income	11	71
Default interest	132	580
Interest income on loans to third-party companies	210	309
Other financial income	45	43
Exchange rate gains	-	-
Total	398	1,003

Financial expenses are composed as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Interest expense and bank commission	(999)	(935)
Interest and expense to other lenders	(85)	(178)
Financial expense on employee benefits	(14)	(15)
Net exchange rate losses	(14)	(482)
Other financial expenses	(1,129)	(1,256)
Total	(2,241)	(2,866)

The main change about financial expenses is related to item “Net exchange rate losses” and it is substantially linked to the depreciation of both the Real and the Turkish Lira against the Euro compared to the same period last year.

7.7 Current and deferred taxes

The item is composed as follows:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Current taxes	782	673
Deferred tax (assets)/liabilities	(32)	(1,951)
Total	750	(1,278)

7.8 Earnings per share

Basic and diluted earnings per share are calculated in the tables below:

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Profit/loss attributable to shareholders of the parent company	4,307	(300)
Average number of shares	30,099	30,629
Basic earnings (losses) per share	0,14	(0,01)

<i>(thousands of Euros)</i>	Half-year ended as at 30 June	
	2021	2020
Profit/loss for the year attributable to the Group:	4,307	(300)
Average number of shares outstanding	30,099	30,629
Number of shares with dilutive effect	-	-
Average number of shares used to calculate diluted EPS	30,099	30,629
Diluted earnings (losses) per share	0.14	(0.01)

8 Transactions with group companies and related parties

The transactions of Servizi Italia S.p.A. with related parties are conducted in compliance with the applicable Regulations governing transactions with related parties and concern primarily:

- dealings associated with commercial service agreements;
- financial dealings represented by loans.

From an economic, equity and financial point of view, the group of main transactions constitute ordinary transactions conducted under conditions equivalent to market or standard conditions and are regulated by the appropriate contracts. These transactions are nothing but the accumulation of homogeneous transactions, carried out from the beginning of the financial year of reference, which cannot be qualified individually as being of greater importance, not even the set of transactions activated in the period of reference. The value shown on the balance sheet in the reference period is generated by the renewal of existing contracts or contracts activated in the same period.

During the six-month period ended on 30 June 2021, no new agreement with related parties, having significant impact on the financial reporting of Gruppo Servizi Italia, has been signed. The following table shows the transactions with related parties of the Servizi Italia Group as at 30 June 2021:

<i>(thousands of Euros)</i>	30 June 2021							
<i>Economic transactions</i>	Sale of goods and services	Other income	Purchases of goods and services	Personnel expense	Purchases of property, plant and equipment and intangible assets	Other costs	Financial income	Financial expenses
Coopservice S.Coop.p.A. (parent company)	24	47	6.607	-	-	1	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (jointly controlled)	1	9	459	-	-	-	1	-
Psis S.r.l. (jointly controlled)	105	59	1	-	14	-	18	-
Amg S.r.l. (jointly controlled)	-	17	259	-	-	-	-	-
Steril Piemonte S.c.r.l. (jointly controlled)	-	-	53	-	1	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	-	55	195	-	-	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	14	53	180	-	-	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (jointly controlled)	-	-	-	-	-	-	-	-
Shubhram Hospital Solutions Pvt Ltd (jointly controlled)	-	-	-	-	-	-	-	-
Sanitary cleaning Sh.p.k. (jointly controlled)	-	-	-	-	-	-	-	-
Saniservice Sh.p.k. (jointly controlled)	75	60	-	-	-	-	238	-
Servizi Sanitari Integrati Marocco S.a.r.l. (jointly controlled)	-	-	-	-	-	-	-	-
Finanza & Progetti S.p.A. (jointly controlled)	-	24	-	-	-	-	8	-
Brixia S.r.l. (associate)	1.758	-	19	-	-	-	-	-
Focus S.p.A. (affiliated)	-	-	1.409	-	-	12	-	-
Archimede S.p.A. (affiliated)	-	-	12	389	-	-	-	-
New Fleur S.r.l. (affiliated)	12	110	599	-	-	-	-	-
Ospedal Grando S.p.A. (related party)	4.072	-	72	-	-	3	-	-
Akan & Ankateks JV (associate)	333	-	-	34	-	-	-	-
Akan (related party)	-	-	1	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-	-	-
Atala (related party)	-	-	-	-	-	-	-	-
Ankor (related party)	-	-	-	-	-	-	-	-
Ozdortler (related party)	-	-	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	-	-	-	-	6	-
Feleknaz Demir (related party)	-	-	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-	-	-
Total	6.394	434	9.866	423	15	16	271	-

In addition to the above, in the economic relations with related parties, the item “Personnel expense” as at 30 June 2021 includes remuneration for directors of Euro 649 thousand (of which Euro 87 thousand for social security charges) and costs relating to managerial staff of Euro 1,244 thousand.

It should be noted that in relation to Focus S.p.A., the Group, in accordance with IFRS 16, represented the fees for the period (Euro 1,410 thousand) as amortisation of rights of use (Euro 973 thousand) and financial charges (Euro 665 thousand).

The following table shows the statements of financial positions with the companies of the Servizi Italia Group at 30 June 2021:

<i>(thousands of Euros)</i>	30 June 2021					
<i>Statement of financial position</i>	Amount of trade receivables	Amount of trade payables	Amount of financial receivables	Amount of right of use	Amount of financial liabilities	Amount of other liabilities
Coopservice S.Coop.p.A. (parent company)	53	4.830	-	-	-	-
Aurum S.p.A. (parent company)	-	-	-	-	-	-
Arezzo Servizi S.c.r.l. (jointly controlled)	4	470	401	-	-	-
Psis S.r.l. (jointly controlled)	157	3	3.818	-	-	-
Amg S.r.l. (jointly controlled)	19	478	-	-	-	-
Steril Piemonte S.c.r.l. (jointly controlled)	-	317	-	-	-	-
Piemonte Servizi Sanitari S.c.r.l. (associate)	111	484	158	-	-	-
Iniziative Produttive Piemontesi S.r.l. (associate)	217	275	53	-	-	-
SAS Sterilizasyon Servisleri A.Ş. (jointly controlled)	4	-	-	-	-	-
Shubhram Hospital Solutions Pvt Ltd (jointly controlled)	-	-	-	-	-	-
Sanitary cleaning Sh.p.k. (jointly controlled)	-	-	-	-	-	-
Saniservice Sh.p.k. (jointly controlled)	2.280	-	4.539	-	-	-
Servizi Sanitari Integrati Marocco S.a.r.l. (jointly controlled)	-	-	-	-	-	-
Finanza & Progetti S.p.A. (jointly controlled)	306	-	608	-	-	-
Brixia S.r.l. (associate)	556	19	-	-	-	-
Focus S.p.A. (affiliated)	-	-	-	21.686	22.548	-
Archimede S.p.A. (affiliated)	-	203	-	-	-	-
New Fleur S.r.l. (affiliated)	416	605	-	-	-	-
Ospedal Grando S.p.A. (related party)	3.341	-	-	-	-	-
Akan & Ankateks JV (associate)	776	-	-	-	-	-
Akan (related party)	-	-	-	-	-	-
Nimetsu & Ankateks JV (associate)	-	-	-	-	-	-
Atala (related party)	58	-	-	-	-	-
Ankor (related party)	-	-	-	-	135	-
Ozdortler (related party)	-	-	-	-	-	-
Oguzalp Ergul (related party)	-	-	57	-	-	-
Feleknaz Demir (related party)	-	-	-	-	-	-
Volkan Akan (related party)	-	-	-	-	-	-
Fevzi Cenk Kiliç (related party)	-	-	-	-	-	-
Total	8.298	7.684	9.634	21.686	22.683	-

9 Company officers' fees

Economic transactions with Company officers as at 30 June 2021 are summarised below:

- Board of Directors: Euro 649 thousand (included in item “Personnel expenses”);
- Board of Statutory Auditors: Euro 38 thousand (included in item “Costs for services”).

10 Income from non-recurring, atypical and/or unusual transactions

No income from non-recurring transactions has been recorded during the half.

During the half, no atypical and/or unusual transactions as defined in Consob communication No. 6064293 dated 28 July 2006.

The Chairman of the Board of Directors

(Roberto Olivi)

Certification of the condensed half-year financial statements pursuant to Art. 81-ter of Consob regulation No. 11971 of 14 May 1999 as amended

Castellina di Soragna, 6 August 2021

1. In consideration of the provisions of Art. 154-bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 of 24 February 1998, the undersigned Roberto Olivi, in his capacity as Chairman of the Board of Directors, and Angelo Minotta, in his capacity as “Financial Reporting Manager” of Servizi Italia S.p.A., certify:
 - the adequacy in relation to the characteristics of the business and
 - the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements during period 1 January 2021 – 30 June 2021.
2. It is also hereby stated that:
 - 2.1 the half-year condensed consolidated financial report:
 - a) has been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the books and accounting entries;
 - c) provide a true and fair view of the financial position, income and cash flows of the Company and all the companies included in the scope of consolidation.
 - 2.2 The Directors’ report includes a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The report also includes a reliable analysis of information on significant transactions with related parties.

The Chairman of the Board of Directors

Roberto Olivi

The Financial Reporting Manager

Angelo Minotta

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Servizi Italia S.p.A.**

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Servizi Italia S.p.A. and subsidiaries (the "Servizi Italia Group"), which comprise the statement of financial position as of June 30, 2021 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Servizi Italia Group as at June 30, 2021 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Parma, Italy
August 6, 2021

This report has been translated into the English language solely for the convenience of international readers.

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