



# Interim Management Report

*as at 30 September 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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## 1 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 <sup>(1)</sup>	Independent Director
Benedetta Pinna <sup>(1)</sup>	Independent Director
Antonio Aristide Mastrangelo <sup>(1)(2)</sup>	Independent Director

(1) Member of 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](http://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](mailto:si-servizitalia@postacert.cedacri.it)  
Founded: 1986  
Stock market listing: Euronext STAR Milan  
Ordinary Share ISIN: IT0003814537, BLOOMBERG: SRI IM, REUTERS: SRI.MI  
LEI Code: 815600C8F6D5ACBA9F86

### Investor Relations

Giovanni Manti (IR) - Pietro Giliotti  
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## 2 GROUP STRUCTURE

Servizi Italia S.p.A., registered offices in Castellina di Soragna (PR), listed on Euronext STAR Milan, is the leading Italian operator in the supply of integrated services for the wash-hire and sterilisation of textile materials and surgical instruments for healthcare 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 September 2020, 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.	São Paulo, SP - Brazil	BRL 210,827,982	100%
Lavsim Higienização Têxtil S.A.	São Roque, São Paulo - Brazil	BRL 29,630,000	100% <sup>(*)</sup>
Maxlav Lavanderia Especializada S.A.	Jaguariúna, São Paulo - Brazil	BRL 2,825,060	100% <sup>(*)</sup>
Vida Lavanderias Especializada S.A.	São Roque, São Paulo - Brazil	BRL 3,600,000	100% <sup>(*)</sup>
Aqualav Serviços De Higienização Ltda	Vila Idalina, Poá, SP - Brazil	BRL 15,400,000	100% <sup>(*)</sup>
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% <sup>(**)</sup>

<sup>(\*)</sup> Held through SRI Empreendimentos e Participações Ltda

<sup>(\*\*)</sup> 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%
Iniziative 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% <sup>(*)</sup>
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%

<sup>(\*)</sup> to which is added the indirect shareholding through Iniziative Produttive Piemontesi S.r.l. of 15.05%.

### 3 INTERIM REPORT ON MANAGEMENT PERFORMANCE

This Interim Management Report as at 30 September 2021 has been drafted according to the International Accounting Principles (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and it should be read together with the information provided in the consolidated financial statements as at 31 December 2020. In order to allow a better evaluation of the economic and financial performance, the following summary tables show some "Alternative performance indicators" which are not required by IFRS accounting principles. 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 September 2021 with the results as at 30 September 2020 (in thousands of Euro):

(thousands of Euros)	30 September 2021	30 September 2020	Change	Change %
Revenues	191,171	178,040	13,131	7.4%
Ebitda <sup>(a)</sup>	50,958	41,703	9,255	
Ebitda %	26,7%	23,4%		3.2%
Operating profit (Ebit)	9,979	916	9,063	
Operating profit (Ebit)%	5,2%	0,5%		4.7%
Net Income	7,090	(303)	7,393	
Net Income %	3,7%	-0,2%		3,9%

<sup>(a)</sup> 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 September 2021 with the figures as at 31 December 2020 (in thousands of Euro):

(thousands of Euros)	30 September 2021	31 December 2020	Change	Change %
Net operating working capital <sup>(a)</sup>	5,945	(5,964)	11,909	-199.7%
Other current assets/liabilities <sup>(b)</sup>	(12,961)	(11,446)	(1,515)	13.2%
<b>Net working capital</b>	<b>(7,016)</b>	<b>(17,410)</b>	<b>10,394</b>	<b>-59.7%</b>
Non-current assets – Medium/Long term provisions	263,685	265,603	(1,918)	-0.7%
of which right of use for IFRS 16	29,655	31,717	(2,062)	-6.5%
<b>Net Invested capital</b>	<b>256,669</b>	<b>248,193</b>	<b>8,476</b>	<b>3.4%</b>
Shareholders' equity (B)	124,310	118,586	5,724	4.8%
Net financial debt <sup>(d)</sup> (A)	132,359	129,607	2,752	2.1%
of which financial liabilities for IFRS 16	30,627	32,943	(2,316)	-7.0%
<b>Net Invested capital <sup>(c)</sup></b>	<b>256,669</b>	<b>248,193</b>	<b>8,476</b>	<b>3.4%</b>
<b>Gearing [A/(A+B)]</b>	<b>51.6%</b>	<b>52.2%</b>		
<b>Debt/Equity (A/B)</b>	<b>106.5%</b>	<b>109.3%</b>		

<sup>(a)</sup> 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.

<sup>(b)</sup> Other current assets/liabilities are calculated as the difference between other current assets, current tax receivables, current tax payables and other current liabilities.

<sup>(c)</sup> The Company management has defined net invested capital as the sum of Shareholders' equity and net financial debt.

<sup>(d)</sup> 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.

## Company situation and overall business performance

As at 30 September 2021, the Servizi Italia Group's operating performance recorded a consolidated turnover equal to Euro 191,171 thousand, up by 7.4% (+9.5% at the same exchange rates) compared to 30 September 2020.

For what concerns the comparison of revenues from sales and services as at 30 September 2021 and 2020, please note the following:

- Revenues from wash-hire services (which in absolute terms represent 76.6% of the Group's revenues) rose from Euro 134,948 thousand in the first nine months of 2020 to Euro 146,386 thousand in 2021, driven by a significant recovery in Italy, which recorded a revenue growth of 10.4% (11.0% on a like-for-like basis), mainly thanks to new tenders in the north-east. The third quarter also saw a significant recovery in hotel sector, which was particularly affected in the first half of 2021. In addition, in Italy, there were revenues of approximately Euro 525 thousand relating to Covid financial aid measures (Italian "Ristori") obtained following ANAC resolution no. 540 of 1 July 2020. Revenues in Brazil are characterised by double-digit organic growth in local currency (up by 10.9%), offset by a negative exchange rate translation effect of 11.6% (depreciation of the Brazilian Real against the Euro), resulting in a negative change for the period of 0.7%. Double-digit organic revenue growth also in Turkey (+30.6%), offset by a negative exchange rate effect of 28.4% (depreciation of the Turkish Lira against the Euro) leading to a positive change in turnover of 2.2%.
- Revenues from textile sterilization (steril B) (which in absolute terms represent 6.9% of the Group's revenues) pass from Euro 13,348 thousand in the first nine months of 2020 to Euro 13,234 thousand, down by 0.9% compared to same period of the previous year, owing to a lower supply of non-woven fabric (TNT);
- Revenues from surgical instruments sterilization services (steril C) (which in absolute terms represent 16.5% of the Group's revenues) pass from Euro 29,744 thousand in 2020 to Euro 31,551 thousand in 2021, up by 6.1%, mainly due to some new contracts in north-eastern Italy and the recovery of surgical activity compared to the previous period. The growth of Steril C is also supported by revenues from validation services carried out by Steritek S.p.A. (6.4% in absolute terms on segment's revenues), which grew by 12.9% in the period, net of intercompany eliminations.

Consolidated **EBITDA** went from Euro 41,704 thousand in the first nine months of 2020 to Euro 50,959 thousand in the same period of 2021, rising from 23.4% to 26.7% of revenues meaning a growth in absolute terms equal to 22.2%. The positive trend of the index already recorded in the first six months of 2021 has continued, mainly owing to the recovery of hospital business, which drove turnover, leading to a better marginal balance in the production structure compared to the same period of 2020, and to bonuses on certain strategic supplies, largely underpinned by the start of the new contracts in the north-eastern area. It should be noted that during the period a capital gain of Euro 1.5 million was recognised on the sale of the workwear business. During the period, there were also estimated charges of Euro 1,262 thousand relating to the restructuring process aimed at discontinuing production activities at Ariccia (RM) plant. Raw material costs had a lower incidence on turnover compared to the comparison period (-0.8%), mainly due to lower purchases of non-woven textile made on Steril B line. Service costs increased (+0.3%), deriving from a change within the logistics and production structure aimed at managing laundry and wardrobe services related to the new tenders launched in north-eastern Italy and the contingent management of the Covid-19 emergency. Personnel costs were down in terms of incidence on turnover (-0.9%) compared to the previous period,

as a result of a greater absorption of structural staff, as well as a greater use of holidays, permits and redundancy fund (Italian CIG) in response to Covid-19 emergency. The excellent results of operating margins at an international level were confirmed in 2021 in both Brazil (EBITDA margin 31.0%) and Turkey (EBITDA margin 28.1%), albeit partly mitigated by the inflationary increases recorded in the reference countries, which primarily impact raw materials and energy costs.

Consolidated operating result (**EBIT**) increased from Euro 916 thousand in the first nine months of 2020 (0.5% of revenues in the period) to Euro 9,979 thousand in the same period of 2021 (5.2% of revenues in the period), mainly as a result of the changes in revenues and EBITDA described above and a higher absorption of fixed costs.

Financial expenses decreased compared to the same period of the previous year, mainly due to lower exchange rate losses recorded related to the depreciation of the Real and Turkish Lira against the Euro. It should also be noted that the results for the period were positively affected by the valuation of certain associated and jointly controlled companies using the equity method, totalling Euro 1,340 thousand.

The interim consolidated financial statements as at 30 September 2021 therefore close with a **net profit** of Euro 7,090 thousand, compared to a net loss of Euro 303 thousand in the same period of the previous year.

### 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, Italy) 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:

- 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.

According to the provisions of articles 4 and 24 of Law 223/1991, on 20 September 2021, the Parent Company initiated a redundancy procedure for exceeding workers within the production unit located in Ariccia (RM), Via Quarto Negroni, 4, due to the cessation of the activities of this production unit relating to textile washing and sterilisation.

The reasons for this are attributable to the loss of volumes processed at the above-mentioned production unit as well as to the Coronavirus emergency. In fact, as already communicated within 2019 Financial Statements, in July 2019, at the end of a regional tender relating to 8 lots for the management of laundry services at the Health Authorities of the Lazio Region (3 lots of which had previously been entrusted to Servizi Italia and processed at the Ariccia plant), Servizi Italia was not awarded any of the lots in the tender, with a consequent structural reduction in the volumes of the laundry department of the Ariccia production unit.

For this reason, back in 2019, the Parent Company had initiated a collective dismissal procedure pursuant to Articles 24 and 4 of Law no. 223/1991 for the employees of that production unit and, in order to mitigate the social effects of the staff reduction programme, it had signed, at the Regional Labour Directorate of the Lazio Region, an agreement with the trade unions with which it had made itself available to reduce the total number of redundancies through:

- the temporary transfer of part of the volumes normally processed in another plant - with consequent additional costs for the Company;
- the transfer of employees to other Company's sites, maintaining the same working hours or preserving Ariccia employees' working positions through a reduction of working hours.

In the meantime, the worsening of the structural contraction of the Italian industrial laundry market, linked to some specific criticalities of the health services sector, such as the phenomenon of awarding contracts at lower prices and increasingly reduced margins, has led, among other things, to both the non-reconfirmation of contracts in portfolio and the awarding of contracts, already in the portfolio, at lower prices than in the past.

In this framework, as early as March 2020, the Coronavirus emergency intervened, impacting on the trend of demand for services, since hospitals generally adopted a strategy of reducing the number of surgical operations scheduled in the operating theatres, confirming only urgent services, with a consequent impact also on laundry and surgical instruments sterilisation activities of the Ariccia plant.

Lastly, in May 2021, the Parent Company, after participating to a tender, was excluded from the awarding of a contract for the rental of linen, mattresses, clothing, drapery, washcloths, maintenance, logistics, rental and sterilisation of surgical instruments and integrated sterilisation services. The above-mentioned contract was already in effect for the sterilisation of surgical instruments, which accounted for about 95% of the volumes processed in the sterilisation plant located in the Ariccia plant.

This, together with the drastic structural reduction in volumes in all the departments of the production site and the absence of new orders (not even potential ones in the short/medium term, especially as regards the public hospital sector) in the Lazio region, radically changed the economic and production situation of the Ariccia production site, causing an imbalance in fixed costs, making it uneconomic and therefore no longer sustainable.

With the aim of attempting to reduce the employment and social fallout and to allow an albeit limited and partial safeguarding of employment levels, by letter dated 6 September 2021, the Parent Company initiated the procedure pursuant to Article 47 of Law no. 428/1990 for the lease to Steris S.p.A. of the business branch known as the "Ariccia instrument sterilisation plant" consisting of 12 employees.

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*	Supply of procedural sets and non-woven textile	33 months	331
Azienda Ospedaliero Universitaria Meyer di Firenze*	Supply of 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*	Management and maintenance of electromedical and technical-scientific equipment	4	487
ASL Roma 6*	Surgical instruments sterilization service	4	343
Azienda Pubblica di Servizi alla Persona "Clementino Vannetti" - Rovereto (TN)**	Integrated wash-hire services	1	57
Istituti Milanesi Martinitt e Stelline e Pio Albergo Trivulzio of Milan*	Integrated wash-hire services	5	1,124
I.P.A.V. Istituzioni Pubbliche di Assistenza Veneziane*	Integrated wash-hire services	5	404
Azienda Ospedaliera San Camillo Forlanini di Roma*	Supply and rental of textile devices for operating theatres and supply of non-sterile non-woven products and other healthcare materials	1	1,860
Azienda Ulss 7 Pedemontana - Bassano del Grappa*	Linen, mattresses and garment wash-hire service	5	1,063
APSP Levico Curae	Flat linen wash-hire service	1	79

The contracts terminated during the reporting period are shown below:

Customer	Description of service provided	Contract value per year (Euro thousands)
ASP Golgi Redaelli di Milano	Integrated wash-hire services for linen	1,321

Ospedale Bambino Gesù di Roma	Surgical instruments sterilisation service	955
Consorzio Zenit - Ad Personam di Parma	Integrated wash-hire services for linen	127

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### **Covid-19 disclosure**

The Covid-19 viral pandemic has imposed the need to contain epidemiological development as much as possible, leading to changes in hospital procedures and activities with regard to hygiene standards 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, despite of operating in strict compliance with the relevant regulations, have been impacted by the evolution of the contingent 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 business evolution and the needs of stakeholders' needs 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. In particular, starting from 15 October 2021 and until 31 December 2021, pursuant to Decree-Law no. 127/2021, the Parent Company has planned organizational activities and defined specific procedures to control access to workplaces in compliance with current legislation and operational sustainability of the process.

### **Significant events after the end of third quarter**

On 11 November 2021, Servizi Italia S.p.A. obtained the basic Family Audit certification, according to the [Guidelines issued by the Autonomous Province of Trento](#). Servizi Italia S.p.A., as part of the initiatives foreseen by the sustainability plan contained in the Consolidated Non-Financial Statement, decided to adhere to this management tool on a voluntary basis, as it believes that the welfare of its employees is the starting point for an improvement process in terms of Corporate Social Responsibility.

The Family Audit certification provides for the preparation of a three-year plan of activities for the introduction and implementation of improvement actions for the work-life balance of staff, which will be verified annually by an external evaluator in order to obtain the executive version of the certification at the end of the period. The actions identified in the plan mainly concern:

- experimentation of hourly flexibility for white-collar staff, solidarity leave and smart working;
- dematerialization of HR and administrative processes;
- welfare and well-being;
- prevention and health;
- the strengthening of managerial skills on reconciliation;

- the creation of an organizational culture strongly oriented towards the "smart" exploitation of IT tools and reconciliation issues;
- the establishment of scholarships for employees and children of employees;
- the support to local communities and people empowerment.

With these initiatives, Servizi Italia S.p.A. wants to promote work-life balance, believing that it is an advantage not only for employees but also for the Company, since it is now recognized that a greater individual well-being of employees leads to improved business dynamics.

On 12 November 2021, the Parent Company agreed with the related party Focus S.p.A. to amend the lease agreement signed on 31 August 2016 and relating to the production plant in Ariccia, by reducing the rent to Euro 90,000.00 per year (excluding VAT) starting from 1 January 2022 and up to the expiration date, set for 30 August 2028, in consideration of the cessation of activities relating to textile washing and sterilization at this production unit.

The above-mentioned transaction of lesser importance with related parties has received the prior favourable opinion of the Governance and Related Parties Committee and will be formalised with a specific addendum to the afore-mentioned lease agreement. It should be recalled that the Parent Company informed the market about this lease by publishing, on 5 August 2016, an information document, drawn up pursuant to Article 15 of the "Regulation for transactions with related parties" adopted by the Company, as well as in accordance with Annex 4 of the "Regulation containing provisions on transactions with related parties" adopted by Consob resolution no. 17221 of 12 March 2010, concerning several homogeneous transactions with the related party Focus S.p.A., including that relating to the production plant in Ariccia.

As at 8 November 2021, the Company acquired a total of 1,935,408 treasury shares on the market regulated and managed by Borsa Italiana, equal to 6.08% of the share capital.

## **Business outlook**

Results for the first nine months of 2021 were better than expected. The good performance in the third quarter comes from a lower impact of COVID-19 crisis, from the consolidation of the positive results of the foreign companies and the organisational and production efficiency actions undertaken to mitigate the effects of the crisis in the Italian industrial laundry market.

For the end of the financial year 2021, the Group expects results in line with those achieved to date, while maintaining the necessary caution, assuming that there will be no further lockdowns in the latter part of the year. Moreover, in relation to medium-term expectations, the strategy envisages an organic consolidation of the leadership position in the Italian and foreign markets and a continuous search for optimisation and efficiencies in order to contain, among other things, the expected impacts of rising energy prices and inflationary increases, particularly in Brazil and Turkey.

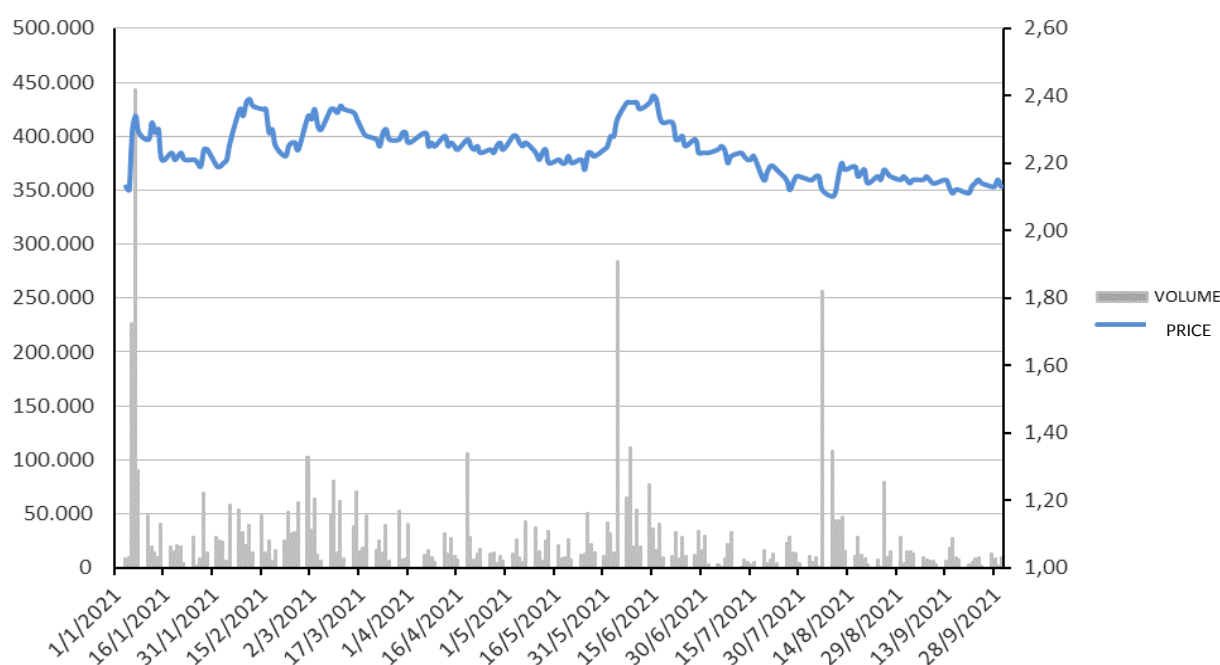
For what concerns liquidity is concerned, net financial debt, after having reached its peak in June, has shown a positive trend in recent months, favoured by the progressive reopening of healthcare and hotel facilities. The Group aims at preserving a financially sound situation by means of an adequate financial balance and a good credit rating with the banks.

## Servizi Italia and the financial markets

The Company shares have been traded on Euronext STAR Milan since 22 June 2009. The main share and stock exchange data as at 30 September 2021 are reported below, along with share volume and price trends (in Euros):

Share and stock exchange data	30 September 2021
No. of shares making up the share capital	31,809,451
Price at IPO: 04 April 2007	8.50
Price as at 30 September 2021	2.13
Maximum price during the period	2.40
Minimum price during the period	2.10
Average price during the period	2.24
Volumes traded during the period	5,498,068
Average volumes during the period	28,636

Share volumes and prices as at 30 September 2021



During 2021, the Investor Relations Team attended the Virtual STAR Conference Spring Edition (23 March 2021), the MidCap Conference (11 May 2021), the Virtual STAR Conference Fall Edition (12 October 2021) and it performed many 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).

## Other information

Servizi Italia S.p.A., pursuant to Article 3 of Consob Resolution no. 18079 dated 20 January 2012, decided to adhere to the out-put regime provided for by Articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Regulation no. 11971/99 (as amended and supplemented), thus availing itself of the right to derogate from the obligation to publish information documents provided for in Annex 3B of

the aforesaid Consob Regulation on the occasion of significant mergers, demergers, capital increases through contributions in kind, acquisitions and disposals.

With reference to the changes in the regulatory framework occurred during 2016, Servizi Italia S.p.A. publishes the additional periodic information, given the obligations provided for issuers listed in the STAR segment, as specified in art. 2.2.3, c.3, of Regulation of Markets organized and managed by Borsa Italiana S.p.A. and in the notice of Borsa Italiana No. 7578 dated 21 April 2016.

The Chairman of the Board of Directors

(Roberto Olivi)

## 4 ACCOUNTING SCHEDULES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of Euros)</i>	30 September 2021	31 December 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	165,459	168,821
Intangible assets	4,694	5,238
Goodwill	64,888	65,639
Equity-accounted investments	26,738	24,582
Equity investments in other companies	3,018	3,018
Financial receivables	3,632	5,663
Deferred tax assets	7,782	8,091
Other assets	3,616	4,342
<b>Total non-current assets</b>	<b>279,827</b>	<b>285,394</b>
<b>Current assets</b>		
Inventories	8,926	7,996
Trade receivables	71,020	62,974
Current tax assets	1,863	2,019
Financial receivables	7,251	6,521
Other assets	9,357	9,752
Cash and cash equivalents	3,465	4,441
<b>Total current assets</b>	<b>101,882</b>	<b>93,703</b>
<b>TOTAL ASSETS</b>	<b>381,709</b>	<b>379,097</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Group shareholders' equity</b>		
Share capital	29,912	30,259
Other reserves and retained earnings	85,339	83,331
Net profit of the period	7,040	2,761
<b>Total shareholders' equity attributable to shareholders of the parent</b>	<b>122,291</b>	<b>116,351</b>
<b>Total shareholders' equity attributable to non-controlling interests</b>	<b>2,019</b>	<b>2,235</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>124,310</b>	<b>118,586</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Due to banks and other lenders	59,680	56,262
Deferred tax liabilities	2,229	2,500
Employee benefits	8,860	9,582
Provisions for risks and charges	4,667	4,804
Other financial liabilities	386	2,905
<b>Total non-current liabilities</b>	<b>75,822</b>	<b>76,053</b>
<b>Current liabilities</b>		
Due to banks and other lenders	83,395	84,307
Trade payables	74,001	76,934
Current tax liabilities	306	124
Employee benefits	875	67
Other financial liabilities	2,622	3,353
Provisions for risks and charges	1,622	1,523
Other liabilities	18,756	18,150
<b>Total current liabilities</b>	<b>181,577</b>	<b>184,458</b>
<b>TOTAL LIABILITIES</b>	<b>257,399</b>	<b>260,511</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>381,709</b>	<b>379,097</b>

## CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	30 September 2021	30 September 2020
<b>Revenues from sales</b>	191,171	<b>178,040</b>
Other income	6,504	3,319
Raw materials and consumables	(20,156)	(20,216)
Costs for services	(61,173)	(56,434)
Personnel expenses	(64,465)	(61,586)
Other costs	(923)	(1,420)
Depreciation/amortization and provisions	(40,979)	(40,787)
<b>Operating profit (loss)</b>	<b>9,979</b>	<b>916</b>
Financial income	595	1,145
Financial expenses	(3,536)	(4,174)
Income/(Expense) from equity investments	34	1,052
Revaluation/impairment of equity-accounted investments	1,340	(973)
<b>Profit (Loss) before taxes</b>	<b>8,412</b>	<b>(2,034)</b>
Income taxes	(1,322)	1,731
<b>Profit (Loss) of the period</b>	<b>7,090</b>	<b>(303)</b>
<i>of which: Share pertaining to the Shareholders of the Parent Company</i>	7,040	(437)
<i>Share pertaining to the minority shareholders</i>	50	134

## COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(thousands of Euros)	30 September 2021	30 September 2020
<b>Profit (Loss) of the period</b>	<b>7,090</b>	<b>(303)</b>
<i>Other comprehensive income that will not be reclassified to the Income Statement</i>		
Actuarial gains (losses) on defined benefit plans	-	-
Income taxes on other comprehensive income	-	-
<i>Other comprehensive income that may be reclassified to the Income Statement</i>		
Gains (losses) from translation of foreign financial statements	(850)	(16,750)
Portion of comprehensive income of the investments measured using the equity method	382	(244)
Income taxes on other comprehensive income	-	-
<b>Total other comprehensive income after taxes</b>	<b>(468)</b>	<b>(16,994)</b>
<b>Total comprehensive income for the period</b>	<b>6,622</b>	<b>(17,297)</b>
<i>of which: Attributable to shareholders of the parent</i>	6,726	(17,151)
<i>Attributable to non-controlling interests</i>	(104)	(146)

## CONSOLIDATED NET FINANCIAL POSITION

(thousands of Euros)	30 September 2021	31 December 2020	30 September 2020
Cash and cash equivalents in hand	29	22	89
Cash at bank	3,436	4,419	4,348
<b>Cash and cash equivalents</b>	<b>3,465</b>	<b>4,441</b>	<b>4,437</b>
Current financial receivables	7,251	6,521	6,549
Current liabilities to banks and other lenders	(83,395)	(84,307)	(95,796)
<i>of which financial liabilities for IFRS 16</i>	(3,346)	(3,441)	(3,354)
<b>Current net financial debt</b>	<b>(76,144)</b>	<b>(77,786)</b>	<b>(89,247)</b>
Non-current liabilities to banks and other lenders	(59,680)	(56,262)	(51,739)
<i>of which financial liabilities for IFRS 16</i>	(27,281)	(29,502)	(29,458)
<b>Non-current net financial debt</b>	<b>(59,680)</b>	<b>(56,262)</b>	<b>(51,739)</b>
<b>Net financial debt</b>	<b>(132,359)</b>	<b>(129,607)</b>	<b>(136,549)</b>

## 5 EXPLANATORY NOTES

### 5.1 Introduction

This Interim Report as at 30 September 2021 has been drafted in compliance with Art. 154-ter of the Consolidated Law on Finance.

The accounting principles and criteria adopted to prepare this Interim Report as at 30 September 2021, which has not been audited, are the same used to draft the annual financial statements as at 31 December 2020. The subsidiaries San Martino 2000 S.c.r.l., Steritek S.p.A, Wash Service S.r.l., Ekolav S.r.l., SRI Empreendimentos e Participações Ltda (parent company of Lavsim Higienização Têxtil S.A., Maxlav Lavanderia Especializada S.A., Vida Lavanderias Especializada S.A., Aqualav Serviços De Higienização Ltda) are all consolidated line-by-line, as well as Ankateks Turizm İnşaat Tekstil Temizleme Sanayi ve Ticaret Ltd Şirketi (parent company of Ergülteks Temizlik Tekstil Ltd. Sti).

The estimation criteria used to prepare this Interim Report are basically the same as those applied in the Annual Financial Statements.

This Interim Report is approved by the Board of Directors on 12 November 2021.

### 5.2 Performance by business segment and geographical area

Revenues from sales and services of the Servizi Italia Group are shown below divided by business line for periods ending on 30 September 2021 and 30 September 2020.

(thousands of Euros)	30 September 2021	%	30 September 2020	%	Change %	Organic change %	Transl. change %
Wash-hire	146,386	76.6%	134,948	75.8%	8,5%	11.8%	-2.8%
Linen Sterilization (STERIL B)	13,234	6.9%	13,348	7.5%	-0,9%	-0.9%	0.0%
Surgical instrument sterilization (STERIL C)	31,551	16.5%	29,744	16.7%	6,1%	6.1%	0.0%
<b>Sales revenue</b>	<b>191,171</b>	<b>100.0%</b>	<b>178,040</b>	<b>100.0%</b>	<b>7,4%</b>	<b>9.9%</b>	<b>-2.1%</b>

- Revenues from wash-hire services (which in absolute terms represent 76.6% of the Group's revenues) rose from Euro 134,948 thousand in the first nine months of 2020 to Euro 146,386 thousand in 2021, driven by a significant recovery in Italy, which recorded revenue growth of 10.4% (11.0% on a like-for-like basis), mainly owing to new tenders in the north-east. Revenues in Brazil are characterised by double-digit organic growth in local currency (up by 10.9%), offset by a negative exchange rate translation effect of 11.6% (depreciation of the Brazilian Real against the Euro), resulting in a negative change for the period of 0.7%. Double-digit organic revenue growth also in Turkey (+30.6%), offset by a negative exchange rate effect of 28.4% (depreciation of the Turkish Lira against the Euro) leading to a positive change in turnover of 2.2%.
- Revenues from textile sterilization (steril B) (which in absolute terms represent 6.9% of the Group's revenues) pass from Euro 13,348 thousand in the first nine months of 2020 to Euro 13,234 thousand, down by 0.9% compared to same period of the previous year, owing to a lower supply of non-woven fabric (TNT);
- Revenues from surgical instruments sterilization services (steril C) (which in absolute terms represent 16.5% of the Group's revenues) rose from Euro 29,744 thousand in 2020 to Euro

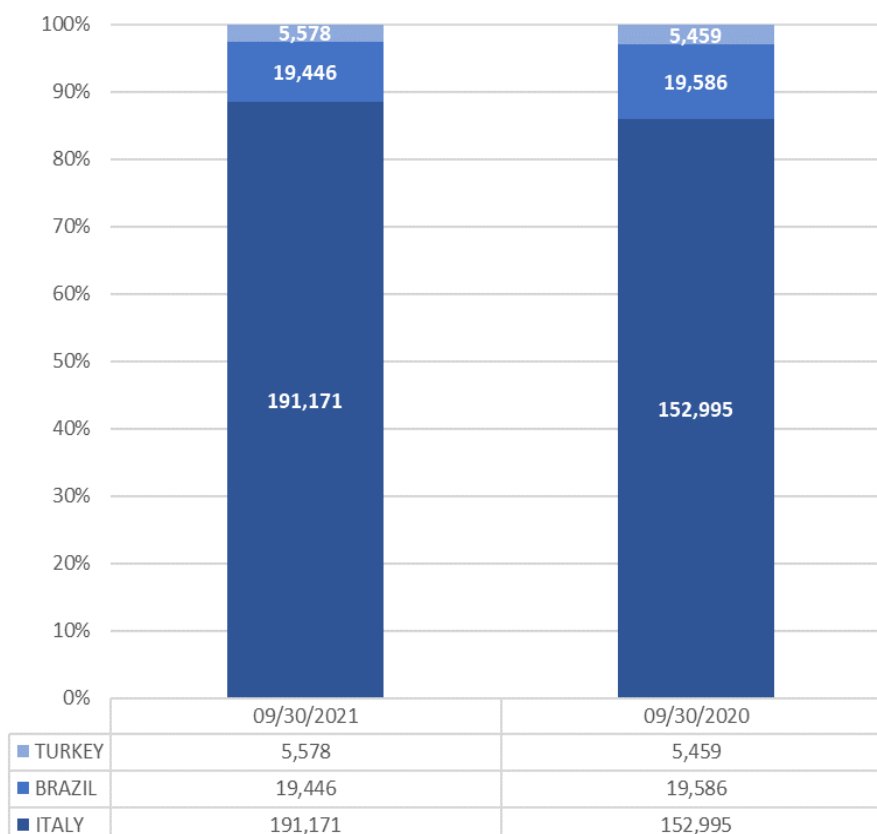
31,551 thousand in 2021, up by 6.1%, mainly owing to some new contracts in north-eastern Italy as well as a recovery in surgical activity compared to the previous period.

The following graph shows the details of revenue by business line:



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

(thousands of Euros)	30 September 2021	%	30 September 2020	%	Change %	Organic change %	Translation change %
Italy	166,147	86.9%	152,995	85.9%	8.6%	9.0%	0.0%
Brazil	19,446	10.2%	19,586	11.0%	-0.7%	10.9%	-11.6%
Turkey	5,578	2.9%	5,459	3.1%	2.2%	30.6%	-28.4%
<b>Revenues from sales</b>	<b>191,171</b>	<b>100.0%</b>	<b>178,040</b>	<b>100.0%</b>	<b>7.4%</b>	<b>9.9%</b>	<b>-2.1%</b>



### 5.3 Notes on the main changes in the statement of financial position

#### Property, plant and equipment

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

<i>(thousands of Euros)</i>	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)
<b>Balance as at 1 January 2021</b>	<b>34,365</b>	<b>48,185</b>	<b>9,201</b>	<b>13,523</b>	<b>56,974</b>	<b>6,573</b>	<b>168,821</b>
Translation differences	(26)	(389)	21	15	66	60	(253)
Increases	1,074	3,611	444	2,457	34,217	3,400	45,203
Decreases	(3,678)	(3,050)	(15)	(398)	(1,380)	(132)	(8,653)
Amortization	(2,411)	(6,078)	(1,197)	(3,651)	(26,322)	-	(39,659)
Write-downs (reinstatements)	-	-	-	-	-	-	-
Reclassifications	-	516	242	635	1,097	(2,490)	-
<b>Balance as at 30 September 2021</b>	<b>29,324</b>	<b>42,795</b>	<b>8,696</b>	<b>12,581</b>	<b>64,652</b>	<b>7,411</b>	<b>165,459</b>
Historical cost	39,317	149,066	35,183	70,310	190,214	7,411	491,501
Accumulated depreciation	(9,993)	(106,271)	(26,486)	(57,729)	(125,563)	-	(326,042)
<b>Balance as at 30 September 2021</b>	<b>29,324</b>	<b>42,795</b>	<b>8,697</b>	<b>12,581</b>	<b>64,651</b>	<b>7,411</b>	<b>165,459</b>

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

The increases as at 30 September 2021 mainly refer to investments in linen, which are recorded as “Other assets” and amount to Euro 33,230 thousand, of which Euro 28,790 thousand related to Italy and Euro 4,440 thousand to Brazil. These investments are aimed at an increasingly more efficient management of the stock held, both in case of partial renewal of contracts and for first supplies made for contracts acquired during the period under review.

The item “Land and Buildings” recorded a decrease of Euro 3,678 thousand mainly relating to 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 a decrease of Euro 3,050 thousand mainly related to the sale of plant and machinery included in the workwear division, while the increases, equal to Euro 3,611 thousand, mainly relate to investments made at plants in Italy (Euro 2,653 thousand), in Brazil (Euro 233 thousand) and in Turkey (Euro 725 thousand).

The item “Equipment” registered an increase of Euro 2,457 thousand of which Euro 845 thousand refer to the purchase of surgical instruments as first supply of new tenders and Euro 1,612 thousand for the purchase of industrial equipment.

The increase in item “Assets under construction” relate to assets improvements still in progress in Italy as at 30 September 2021 for Euro 1,680 thousand, mainly relating to wash-hire division, and Euro 1,720 thousand in Brazil, mainly relating to the construction and commissioning of a sterilisation plant in São Paulo.

“Reclassifications” include decreases fo Euro 2,490 thousand, primarily due to the start of new contracts for providing wash-hire services in Italy.

## 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)
<b>Balance as at 1 January 2021</b>	<b>1,484</b>	<b>3,090</b>	<b>539</b>	<b>125</b>	<b>5,238</b>
Translation differences	2	-	3	-	5
Increases	342	-	-	223	565
Decreases	(5)	-	-	-	(5)
Amortization	(482)	(356)	(271)	-	(1,109)
Write-downs (reinstatements)	-	-	-	-	-
Reclassifications	5	-	-	(5)	-
<b>Balance as at 30 September 2021</b>	<b>1,346</b>	<b>2,734</b>	<b>271</b>	<b>343</b>	<b>4,694</b>
Historical cost	7,517	8,367	997	343	17,224
Accumulated depreciation	(6,171)	(5,633)	(726)	-	(12,530)
<b>Balance as at 30 September 2021</b>	<b>1,346</b>	<b>2,734</b>	<b>271</b>	<b>343</b>	<b>4,694</b>

The increases in Trademarks, Software and Patents and Intellectual Property Rights are primarily due to the purchase of software licenses by the Parent Company. In addition, there was an increase in Assets under construction and payment on account, primarily due to the purchase of new software licenses by the Parent Company.

## Goodwill

Goodwill is allocated to the Servizi Italia Group's cash generating units identified according to geographical area, which reflects the areas of activity of 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 September 2021
CGU Italy	51,668	-	-	51,668
CGU Turkey	7,517	-	(865)	6,652
CGU Brazil	6,454	-	114	6,568
<b>Total</b>	<b>65,639</b>	<b>-</b>	<b>(751)</b>	<b>65,400</b>

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 CGU Steritek (surgical instruments sterilisation operating segment), all other identified goodwill are included in wash-hire segment, as defined for the purposes of segment reporting under IFRS 8.

At the date of approval of this interim management report, no fact or event that could be indicative of a loss in value of goodwill recognised and tested for impairment at the end of 2020 occurred.

## Equity-accounted investments

The value of equity-accounted investments changed as follows:

<i>(Euro thousand)</i>	as at 30 September 2021	as at 31 December 2020
<b>Initial balance</b>	<b>22,483</b>	<b>24,171</b>
Increases/(decreases)	269	527
OCI changes	382	(377)
Share of profit/(loss)	1,340	(1,664)
Translation differences	(200)	(174)
<b>Final balance</b>	<b>24,274</b>	<b>22,483</b>
of which recognized in provisions for risks and charges	(2,464)	(2,099)
of which recorded in equity-accounted investments	26,738	24,582

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

The positive item in OCI change (Euro 382 thousand) corresponds to the portion attributable to the Servizi Italia Group, within the scope of application of the equity method, of the change in the fair value of the hedging derivatives subscribed by the company Ospedal Grando S.p.A. (controlled by the jointly controlled company Finanza e Progetti S.p.A.).

It should be noted that the positive results recorded in the period represented by revaluations net of write-downs are mainly attributable to the results achieved by the Finanza e Progetti Group and the result recorded by PSIS S.r.l.

With reference to the equity investment in Shubhram Hospital Solutions Private Limited, in view of the commitments undertaken with the local Indian partner, the Group's share of losses exceeding the value of the investment has been recorded under "Provisions for risks and charges".

## Other non-current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
Substitute Italian tax D.L. 185/2008 subsequent years	1,931	2,642
Receivables for IRES reimbursement request pursuant to Art. 2 par. 1-quater Italian D.L. n. 201	175	175
Aqualav receivable, in escrow account	1,281	1,258
Other non-current assets	229	267
<b>Total</b>	<b>3,616</b>	<b>4,342</b>

The change in this item is mainly due to the release to the income statement of the substitute taxes pursuant to Article 15, paragraph 10-12 of Legislative Decree 185/08, paid in order to obtain tax recognition of the goodwill values that emerged during the business combination. These substitute taxes were recorded as advance payments of current taxes and released to the income statement over the period in which the company will benefit from the tax deductions related to the respective goodwill. The change in the "Aqualav receivable, in escrow account" is attributable to the depreciation of the Real against the Euro.

## Trade receivables

Trade receivables amount to Euro 71,020 thousand as at 30 September 2021, up by Euro 8,046 thousand compared to 31 December 2020.

From the beginning of the year to 30 September 2021, the Servizi Italia Group carried out several transactions involving the sale of receivables, as described below:

- transfer without recourse to Credemfactor S.p.A of Euro 15,803 thousand in trade receivables for consideration of Euro 15,771 thousand;
- transfer without recourse to IFITALIA of Euro 15,077 in trade receivables for consideration of Euro 15,056 thousand;
- transfer without recourse to Unicredit Factoring S.p.A of Euro 35,700 in trade receivables for consideration of Euro 35,634 thousand.

## Other current assets

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
Due from others	7,046	8,056
Prepayments	2,125	1,478
Guarantee deposits receivables	186	214
Accrued income	-	4
<b>Total</b>	<b>9,357</b>	<b>9,752</b>

The item “Receivables from others” is mainly composed by VAT receivables for Euro 3,453 thousand (Euro 4,674 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.

## Shareholders' Equity

As at 30 September 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 nine months of 2021, has purchased 346,948 treasury shares, equal to 1.09% of the share capital, with an average book value of Euro 2.26 per share, for a countervalue of Euro 785 thousand. Following these transactions, the Company held 1,897,408 treasury shares, equal to 5.96% of the share capital as at 30 September 2021. The value of the treasury shares held on 30 September 2021, equal to Euro 5,395 thousand has been classified as a reduction in shareholders' equity.

In addition, note should be taken of the negative impact, for Euro 850 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.

## Non-current liabilities to banks and other lenders

Payables to banks and other non-current lenders increased from Euro 56,262 thousand as at 31 December 2020 to Euro 59,680 thousand as at 30 September 2021. This change, amounting to Euro 3,418 thousand, is mainly connected to the taking out of new loans during the period, offset by the decrease in debt to other lenders relating to financial liabilities under IFRS 16.

## Provisions for risks and charges

The item changed as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
<b>Opening balance</b>	<b>6,327</b>	<b>5,882</b>
Provisions	1,767	3,250
Uses/resolutions	(1,925)	(1,986)
Translation differences	120	(818)
<b>Closing balance</b>	<b>6,289</b>	<b>6,327</b>

This item includes the provision for the coverage of losses on equity investments for Euro 2,465 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 related to the full utilisation of the provision allocated for the restructuring of Podenzano (PC, Italy) production site for Euro 588 thousand and the partial reversal of the provision for onerous contracts (as at 30 September 2021 equal to Euro 656 thousand), as a result of the estimates carried out by the Parent in accordance with IAS 37 on onerous contracts. The reversal, amounting to Euro 986 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 360 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.

Provisions are mainly related to the estimated charges of Euro 1,262 thousand related to the restructuring operation related to the cessation of production activities at the Ariccia (RM, Italy) plant. The charges relate to disposal costs, costs of redundancy incentives and contributions on redundancies. The provision is expected to be fully absorbed in the next twelve months. It should also be noted that the portion of severance indemnity corresponding to the employees perimeter related to the restructuring project was also classified in current liabilities.

## Other non-current payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
Payables to Area S.r.l.	-	200
Payables to Wash Service S.r.l. shareholders	-	496
Put option payables of Steritek S.p.A.	-	1,828
Put option payables of Wash Service S.r.l.	386	381
Other payables	-	-
<b>Total</b>	<b>386</b>	<b>2,905</b>

The change in the period relates to the classification under other current financial liabilities of the portion of debt payable within 12 months to minority shareholders of Wash Service S.r.l. for the price instalments of 90% of the shares purchased during 2019 and to the shareholder of Brixia S.r.l. (Area S.r.l.) and to the debt relating to the put option to the shareholders of Steritek S.p.A.

## Current liabilities to banks and other lenders

Current liabilities to banks and other lenders decreased by Euro 912 thousand passing from Euro 84,307 thousand as at 31 December 2020 to Euro 83,395 thousand as at 30 September 2021. The decrease in the balance mainly comes from the repayment of loan installments falling due during the period and less use of self-liquidating lines of credit than in the comparative period.

## Trade payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
Due to suppliers	65,988	70,676
Due to associates	1,831	2,303
Due to parent company	4,786	3,863
Payables to companies under the control of the parent companies	1,396	92
<b>Total</b>	<b>74,001</b>	<b>76,934</b>

## Other current payables

The item is broken down as follows:

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020
Payables to Area S.r.l.	200	-
Payables to Finanza e Progetti S.p.A.	-	1,770
Deferred price Aqualav Serviços De Higienização L.t.d.a.	83	81
Payables to Lavanderia Bolognini M&S S.r.l.	-	1,000
Payables Staritek S.p.A. put option	1,839	-
Payables to Wash Service S.r.l. shareholders	500	502
<b>Total</b>	<b>2,622</b>	<b>3,353</b>

The change in the item is connected in particular to the payment of one of the price tranches for Euro 502 thousand, for 90% of the shares of Wash Service S.r.l. acquired during 2019, and the reclassification of the last price tranche relating to the acquisition of Wash Service S.r.l. and the company Brixia S.r.l. to be paid to Area S.r.l., as well as the payment of the remaining tranche of the acquisition from Lavanderia Bolognini M&S S.r.l. of the business unit operating in the industrial washing and hiring sector for private facilities. During the period, the debt related to the exercise of the put option by the shareholders of Steritek S.p.A. has been classified as short-term.

## Other current financial liabilities

The item is broken down as follows:

<i>(thousands of Euro)</i>	as at 30 September 2021	as at 31 December 2020
Accrued liabilities and deferred income	269	289
Social security and welfare contributions	4,386	5,303
Due to employees	11,591	8,494
Employee/professional IRPEF (personal income tax) payable	1,483	2,648
Other payables	1,027	1,416
<b>Total</b>	<b>18,756</b>	<b>18,150</b>

The change in the item is mainly related to the amount due to employees, which, compared to the comparison period, includes the progressive accrual of amounts due for year-end and 13th-pay bonuses.

## 5.4 Notes on the main changes in the income statement

### Raw materials and consumables

As at 30 September 2021, the consumption of raw materials (equal to Euro 20,156 thousand) are slightly down (Euro 60 thousand) compared to the same period of the previous year, mainly because of lower purchases in the period of non-woven fabric (TNT). Consumption mainly refers to the purchase of washing products, chemical products, packaging, as well as disposables and PPE.

### Costs for services

The item is broken down as follows:

(thousands of Euros)	From 1 January to 30 September	
	2021	2020
External laundering and other industrial services	23,186	18,246
Travel and transport	10,926	10,359
Utilities	9,931	9,238
Administrative costs	2,189	2,489
Consortium and sales costs	4,462	5,789
Personnel expense	1,727	1,619
Maintenance	5,998	5,738
Use of third-party assets	2,053	1,829
Other services	701	1,127
<b>Total</b>	<b>61,173</b>	<b>56,434</b>

The item “Costs for services” registered an increase of 8.4% compared to the same period of the previous year (Euro 4,739 thousand), passing from Euro 56,434 thousand in the first nine months of 2020 to Euro 61,173 thousand in the first nine months of 2021. Costs for “External laundering and other industrial services” shew an increase of Euro 4,940 thousand due to a changed logistical and production structure aimed at managing laundry and wardrobe service related to the contingent emergency situation from Covid-19 and the new tenders launched in the area of north-eastern Italy. Consortium and commercial costs decreased by Euro 1,327 thousand due to the termination of a number of contracts managed through a temporary business association. Item “Administrative costs” recorded a decrease of Euro 300 thousand, which is mainly attributable to lower costs incurred for legal advice on administrative appeals and litigation

### Personnel expense

The item is broken down as follows:

(thousands of Euros)	From 1 January to 30 September	
	2021	2020
Costs for directors' fees	900	890
Salaries and wages	44,029	42,499
Temporary work	2,308	1,050
Social security charges	14,233	14,245
Employee severance indemnity	2,817	2,718
Other costs	178	184
<b>Total</b>	<b>64,465</b>	<b>61,586</b>

The item “Personnel expense” rose from Euro 61,586 thousand as at 30 September 2020 to Euro 64,465 thousand as at 30 September 2021, up by Euro 2,879 thousand. The increase is attributable both to an increase in costs related to the item “Salaries and wages”, as a result of the increase in the

number of employees of the Group directly proportional to the growth in volumes recorded in the period, as well as a lower use of social shock absorbers (Italian acronym CIG) sustained during the 2021 period, and to an increase related to the item “Temporary work” mainly attributable to the start of the tenders of Veneto and Friuli-Venezia Giulia.

	Personnel as at 30 September	
	2021	2020
Executives	18	19
Middle managers	38	47
White-collar staff	297	281
Blue-collar staff	3,325	3,310
<b>Total</b>	<b>3,678</b>	<b>3,657</b>

### Depreciation and amortization

The item is broken down as follows:

<i>(thousands of Euros)</i>	From 1 January to 30 September	
	2021	2020
Amortization of intangible assets	1,109	1,197
Depreciation of property, plant and equipment	39,654	38,530
Write-down and provisions	216	1,060
<b>Total</b>	<b>40,979</b>	<b>40,787</b>

The item “Depreciation and amortization” recorded a slight increase of Euro 192 thousand compared to the same period of the previous year, passing from Euro 40,787 thousand in the first nine months of 2020 to Euro 40,979 thousand as at 30 September 2021. The change is partly due to the increase in item “Property, plant and equipment”, which went from Euro 38,530 thousand as at 30 September 2020 to Euro 39,654 thousand in the same period of 2021 as a result of increased investments in Italy and Brazil, and partly due to lower accruals for receivables and lower accruals for interest on arrears following a progressive improvement of the receivables portfolio in Italy.

## Financial income

The item is broken down as follows:

(thousands of Euros)	From 1 January to 30 September	
	2021	2020
Bank interest income	13	79
Default interest	228	567
Interest income on loans to third party companies	326	448
Other financial income	28	51
<b>Total</b>	<b>595</b>	<b>1,145</b>

Financial expenses are composed as follows:

(thousands of Euros)	From 1 January to 30 September	
	2021	2020
Interest expense and bank commission	(1,642)	(1,370)
Interest and expense to other lenders	(122)	(158)
Financial expense on employee benefits	(20)	(23)
Exchange rate losses	(70)	(715)
Other financial expenses	(1,682)	(1,908)
<b>Total</b>	<b>(3,536)</b>	<b>(4,174)</b>

The decrease in the item “Financial income” is mainly due to lower interest on arrears accrued during the period. The decrease in the item “Financial expenses” is primarily linked to the reduction in exchange losses related to the depreciation of the Brazilian Real and the Turkish Lira against the Euro recorded in Brazil for Euro 61 thousand, in Italy for Euro 31 thousand and in Turkey for Euro 15 thousand.

## 5.5 Consolidated net financial position

(thousands of Euros)	30 September 2021	31 December 2020	30 September 2020
Cash and cash equivalents in hand	29	22	89
Cash at bank	3,436	4,419	4,348
<b>Cash and cash equivalents</b>	<b>3,465</b>	<b>4,441</b>	<b>4,437</b>
Current financial receivables	7,251	6,521	6,549
Current liabilities to banks and other lenders	(83,395)	(84,307)	(95,796)
<i>of which financial liabilities for IFRS 16</i>	(3,346)	(3,441)	(3,354)
<b>Current net financial debt</b>	<b>(76,144)</b>	<b>(77,786)</b>	<b>(89,247)</b>
Non-current liabilities to banks and other lenders	(59,680)	(56,262)	(51,739)
<i>of which financial liabilities for IFRS 16</i>	(27,281)	(29,502)	(29,458)
<b>Non-current net financial debt</b>	<b>(59,680)</b>	<b>(56,262)</b>	<b>(51,739)</b>
<b>Net financial debt</b>	<b>(132,359)</b>	<b>(129,607)</b>	<b>(136,549)</b>

The change in net financial debt as at 30 September 2021 compared to 31 December 2020 includes, inter alia, the collection of the price for the sale of the workwear business (approx. Euro 9.5 million), investments in materials, primarily textiles and linen to be introduced into the production process (approx. Euro 44.0 million), as well as the payment of the fourth instalment of the price for Wash Service S.r.l. (Euro 0.5 million), financial contributions in joint ventures (for a total of Euro 0.65 million) and the payment of other financial liabilities for a total of Euro 2.9 million. The consolidated net financial position therefore rose from Euro 129,607 thousand as at 31 December 2020 to Euro 132,359 thousand as at 30 September 2021, with a negative change of Euro 2,752 thousand, but a positive change of Euro 4,190 thousand compared to 30 September 2020.

Here follows the 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.

<i>(thousands of Euros)</i>	as at 30 September 2021	as at 31 December 2020	as at 30 September 2020
A. Cash	3,465	4,441	4,437
B. Other cash equivalents	-	-	-
C. Securities held for trading	7,251	6,521	6,549
<b>D. Cash and cash equivalents (A)+(B)+(C)</b>	<b>10,716</b>	<b>10,962</b>	<b>10,986</b>
E. Current financial receivables	(48,337)	(55,658)	(76,393)
F. Current bank borrowings	(37,680)	(32,002)	(22,542)
G. Current portion of non-current borrowings	(3,346)	(3,441)	(3,354)
<i>of which financial liabilities for IFRS 16</i>	<b>(86,017)</b>	<b>(87,660)</b>	<b>(98,935)</b>
H. Other current financial payables	<b>(75,301)</b>	<b>(76,698)</b>	<b>(87,949)</b>
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>(59,680)</b>	<b>(56,262)</b>	<b>(51,739)</b>
<b>J. Current net financial debt (I)-(E)-(D)</b>	<b>(27,281)</b>	<b>(29,502)</b>	<b>(29,458)</b>
K. Non-current bank borrowings	-	-	-
<i>of which financial liabilities for IFRS 16</i>	(386)	(2,905)	(3,405)
L. Bonds issued	<b>(60,066)</b>	<b>(59,167)</b>	<b>(55,144)</b>
M. Other non-current payables	<b>(135,367)</b>	<b>(135,865)</b>	<b>(143,093)</b>
<b>N. Non-current financial debt (K)+(L)+(M)</b>	<b>3,465</b>	<b>4,441</b>	<b>4,437</b>
<b>O. Net financial debt (J)+(N)</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Chairman of the Board of Directors

(Roberto Olivi)

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The financial Reporting Manager Angelo Minotta states pursuant to paragraph 2, Article 154 bis of the Consolidated Law on Finance that the accounting information presented in this document corresponds to the documented results, books and accounting entries.

The Financial Reporting Manager

(Angelo Minotta)